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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)**

### **CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING**

References are made to the section headed “Future Plans and Use of Proceeds” of the Prospectus, the annual report of the Company for the year ended 31 December 2017, the interim report of the Company for the six months ended 30 June 2018 and the Announcements.

#### **ORIGINAL USE OF PROCEEDS**

The IPO Net Proceeds (after deducting underwriting fees, commissions and other expenses) amounted to approximately HK\$261.6 million. It was disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus that it was intended that such IPO Net Proceeds will be applied in the following manner:

- (i) approximately 43.0% (approximately HK\$112.4 million) will be used for financing the Group’s issuance of performance bonds when undertaking new projects;
- (ii) approximately 23.3% (approximately HK\$61.0 million) will be used for strengthening the Group’s storage facilities for equipment and materials by acquiring a warehouse;
- (iii) approximately 17.3% (approximately HK\$45.2 million) will be used for improving and expanding the Group’s (a) facilities management, alteration and maintenance works and services and (b) structural steelworks, civil engineering construction, and fitting out and renovation works by recruiting additional staff such as project managers, supervisors, engineers and technicians;
- (iv) approximately 6.4% (approximately HK\$16.8 million) will be used for acquiring additional machineries for the Group’s (a) structural steelworks, civil engineering construction, and fitting out and renovation works, (b) high voltage power substation construction and its system installation works; and (c) facilities management, alteration and maintenance works and services; and
- (v) approximately 10.0% (approximately HK\$26.2 million) will be used for the Group’s general corporate purposes and working capital.

As at the date of this announcement, the Company has utilised approximately HK\$96.8 million of the IPO Net Proceeds and approximately HK\$164.8 million remains unutilised for the intended purposes set out in the Prospectus.

In relation to the portion of the IPO Net Proceeds of approximately HK\$61.0 million which was allocated for strengthening the Group's storage facilities for equipment and materials by acquiring a warehouse, the Company has utilised approximately HK\$44.3 million to settle the consideration and other costs and expenses for the acquisition of an industrial unit in Macau, which will serve as a permanent base for the Group's centralised warehouse, details of which are disclosed in the Announcements. The acquisition was completed on 30 January 2019. After the completion of the acquisition, approximately HK\$16.7 million, which was originally allocated for such purpose, remained unutilised.

### CHANGE IN USE OF PROCEEDS

As the Company had already acquired an industrial unit in Macau, which will serve as a permanent base for the Group's centralised warehouse, the Board has resolved to reallocate the remaining unutilised balance of the IPO Net Proceeds that was earmarked for the purpose of strengthening the Group's storage facilities for equipment and materials, amounting to approximately HK\$16.7 million, towards the financing of upfront costs (i.e. raw materials costs, labour costs and subcontracting costs) for new projects.

Following such re-allocation and taking into account the utilisation status of the IPO Net Proceeds as at the date of this announcement, the revised use of the IPO Net Proceeds will be as follows:

*approximately HK\$' million*

Intended use of the IPO Net Proceeds	Earmarked amount pursuant to the allocation as stated in the Prospectus	Utilised amount up to the date of this announcement	Proposed change in use of the unutilised amount (if any)	Unutilised amount after the proposed change in use of proceeds as at the date of this announcement
Financing the Group's issuance of performance bonds when undertaking new projects	112.4	10.6	Not applicable	101.8
Acquiring a warehouse for strengthening the Group's storage facilities for equipment and materials	61.0	44.3 <i>(Note 1)</i>	Re-allocation of the unutilised amount for financing the Group's upfront costs (i.e. raw materials costs, labour costs and subcontracting costs) for new projects <i>(Note 2)</i>	—

approximately HK\$' million

Intended use of the IPO Net Proceeds	Earmarked amount pursuant to the allocation as stated in the Prospectus	Utilised amount up to the date of this announcement	Proposed change in use of the unutilised amount (if any)	Unutilised amount after the proposed change in use of proceeds as at the date of this announcement
Recruiting additional staff for improving and expanding the Group's (a) facilities management, alteration and maintenance works and services and (b) structural steelworks, civil engineering construction, and fitting out and renovation works	45.2	9.0	Not applicable	36.2
Acquiring additional machineries for the Group's (a) structural steelworks, civil engineering construction, and fitting out and renovation works; (b) high voltage power substation construction and its system installation works; and (c) facilities management, alteration and maintenance works and services	16.8	6.7	Not applicable	10.1
Financing the Group's upfront costs (i.e. raw materials costs, labour costs and subcontracting costs) for new projects	—	—	See above (Note 2)	16.7
General corporate purposes and working capital	<u>26.2</u>	<u>26.2</u>	Not applicable	<u>—</u>
<b>Total</b>	<b><u>261.6</u></b>	<b><u>96.8</u></b>		<b><u>164.8</u></b>

*Notes:*

1. This amount represents the consideration and other costs and expenses for the acquisition of an industrial unit in Macau.
2. Re-allocation of the unutilised amount of HK\$16.7 million for financing the Group's upfront costs (i.e. raw materials costs, labour costs and subcontracting costs) for new projects.

## REASONS FOR THE CHANGE IN USE OF PROCEEDS

The only change made to use of IPO Net Proceeds is the reallocation of approximately HK\$16.7 million, which was originally allocated for strengthening the Group's storage facilities for equipment and materials by acquiring a warehouse, towards the financing of the Group's upfront costs (i.e. raw materials costs, labour costs and subcontracting costs) for new projects. As the Company already acquired an industrial unit in Macau, which will serve as a permanent base for the Group's centralised warehouse, the Company currently has no plan to acquire any further warehouse.

Meanwhile, the Listing has opened up good opportunities for the Group's development in the construction industry. Since the Listing, the Group has been actively participating in the construction of various new construction projects, including renowned casinos and world-class hotel building projects. Due to the capital intensive nature of the construction industry, the Group is required to incur significant upfront costs such as raw materials costs, labour costs and subcontracting costs for new projects.

Having considered the above, and after due and careful evaluation of the Group's operation and financial needs, the Board is of the view that by reallocating the unutilised amount of approximately HK\$16.7 million towards financing the Group's upfront costs (i.e. raw materials costs, labour costs and subcontracting costs) for new projects, which is in line with the overall business strategy of the Group, the Group can better utilise its available financial resources to support its business development and generate profit for the Group.

Based on the above, the Directors consider that the change in use of the IPO Net Proceeds is in the interest of the Company and the Shareholders as a whole.

## **DEFINITIONS**

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Announcements”	the announcements of the Company dated 30 November 2018 and 5 December 2018 in relation to the acquisition of an industrial unit in Macau
“Board”	the board of Directors
“Company”	MECOM Power and Construction Limited, an exempted company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1183)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“IPO Net Proceeds”	the net proceeds received by the Company from its global offering and the Listing
“Listing”	the listing of the shares of the Company on the Main Board of the Stock Exchange on 13 February 2018
“Prospectus”	prospectus of the Company dated 1 February 2018 in relation to its global offering and the Listing
“Shareholders”	the holders of the shares in the capital of the Company

“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, 28 February 2019

*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 Dr. Ngan Matthew Man Wong.*