



HONG KONG ENERGY (HOLDINGS) LIMITED

香港新能源(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 987)

(website : www.hkenergy.com.hk)

PROPOSED WINDFARM PROJECT AT CHANGMA, GANSU

The board of directors (the “Board”) of Hong Kong Energy (Holdings) Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to announce that the Group had on 5 September 2008 entered into a framework agreement and a capital contribution agreement with a wholly-owned subsidiary of China Energy Conservation Investment Corporation to invest and develop a 200MW wind power project at Changma, Gansu Province, the People’s Republic of China (“PRC”) (中國甘肅省昌馬地區).

On 5 September 2008, the Group through its wholly-owned subsidiary, Energy Swift Limited (景易有限公司) (“Energy Swift”), entered into a framework agreement and a capital contribution agreement with a wholly-owned subsidiary of 中國節能投資公司 (China Energy Conservation Investment Corporation) (“CECIC”) to invest and develop a 200MW wind power project at Changma, Gansu Province, the PRC (中國甘肅省昌馬地區). Energy Swift and CECIC will initially contribute 30% and 70% of the registered capital of the project respectively. Upon satisfaction of certain conditions, Energy Swift has an option to acquire for a further 10% stake in the project company from CECIC at a price to be valued.

The windfarm to be built under this project is strategically located in Jiuquan (酒泉地區) where abundant wind resources are available. It is located adjacent to an existing wind project held as to 40% by HKC (Holdings) Limited (together with its subsidiaries, the “HKC Group”), the controlling shareholder of the Company. The windfarm to be built by the HKC Group will have 134 units of 1,500KW wind turbines with an aggregate generating capacity of approximately 200MW. The two windfarms will together have an aggregate generating capacity of approximately 400MW. Given the proximity of the two projects, it is believed that synergy can be derived and benefit brought to both the business of the Group and the HKC Group. Joint application will be made by both of Energy Swift and CECIC for the grant of franchise for this windfarm project. CECIC has obtained preliminary approval from the National Development and Reform Commission to invest and develop this project.

Renewable energy sector investment is currently actively advocated by the PRC Government. The Renewal Energy Law of the PRC requires the state-owned power grid to give priority and pay premium rates for power generated by privately-owned companies using “clean” generating methods. The Board believes that the above investment will contribute to the future revenue and income growth of the Group.

Based on the proposed capital commitment on the Group, this proposed investment may constitute a notifiable transaction for the Company if it materialises. The Company will issue further announcement in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited if formal agreement is entered into in respect of this project.

By order of the Board
Hong Kong Energy (Holdings) Limited
Tsang Sai Chung, Kirk
Company Secretary

Hong Kong, 5 September 2008

As at the date of this announcement, the Board comprises eight directors of which Mr. Oei Kang, Eric, Mr. Chen Libo, Mr. Tsang Sai Chung, Kirk and Mr. Chan Kwok Fong, Joseph are executive directors; Mr. Liu Zhixin is a non-executive director; and Mr. Zhang Songyi, Mr. Tang Siu Kui, Ernest and Mr. Yu Hon To, David are independent non-executive directors.