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**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)*

**(A) MAJOR TRANSACTION,  
PROVISION OF FINANCIAL ASSISTANCE TO AN AFFILIATED COMPANY  
(B) ANNOUNCEMENT PURSUANT TO RULE 13.16 OF THE LISTING RULES  
AND  
(C) CHANGE OF COMPANY SECRETARY**

**(A) Major Transaction**

The Board announces that on 23 December 2010, HKE Sub entered into the Counter Guarantee with CECWP, pursuant to which HKE Sub agreed to counter-guarantee CECWP for 30% of all liabilities and expenses which may be incurred by CECWP under the Bank Guarantee, such percentage represents the Group's equity interest in the JV.

As the relevant percentage ratios represented by the amount of the Counter Guarantee exceed 25% (but are below 100%), the provision of the Financial Assistance by the Group by way of the Counter Guarantee constitutes a major transaction for the Company under the Listing Rules and is subject to the Shareholders' approval. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Counter Guarantee. As such, no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the provision of the Financial Assistance. HKC (through its relevant wholly-owned subsidiary) is currently holding about 59.18% of the issued share capital of the Company. Pursuant to Rule 14.44 of the Listing Rules, the Relevant HKC Subsidiary had issued a written shareholder's approval to approve the provision of the Financial Assistance and accordingly, no extraordinary general meeting will be convened by the Company to approve the provision of the Financial Assistance.

A major transaction circular in connection with the provision of the Financial Assistance will be despatched to the Shareholders on or before 14 January 2011.

**(B) Disclosure pursuant to Rule 13.16 of the Listing Rules**

This announcement is also made pursuant to Rule 13.16 of the Listing Rules as the Counter Guarantee given for facilities granted to the JV, an affiliated company of the Company as defined under Rule 13.11(2) of the Listing Rules, had exceeded 8% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

**(C) Change of Company Secretary**

The Board also announces that Ms. MOK Ming Wai has tendered her resignation as the Company Secretary of the Company with effect from 18 December 2010 and Mr. HUNG Ka Wai has been appointed as the Company Secretary of the Company with effect from 18 December 2010.

**(A) MAJOR TRANSACTION**

**1. INTRODUCTION**

The JV was established by HKE Sub and CECWP in February 2009 for the purpose of developing a 100.5MW wind power project in Lunaobao, Zhangbei County, Hebei Province, the PRC (中國河北省張北縣綠腦包). Its registered capital is held as to 30% by HKE Sub and 70% by CECWP.

To facilitate the development of the said project, the JV obtained a loan facility in the principal amount of RMB621,520,000 from the Bank and, in connection therewith, the JV has pledged all its receivables and income to the Bank and CECWP has provided a guarantee in favour of the Bank for all amounts due and owing under the Facility.

As HKE Sub is a 30% shareholder of the JV, it had in turn provided CECWP the Counter Guarantee to indemnify CECWP for 30% of all liabilities and expenses which may be incurred by CECWP under the Bank Guarantee, such percentage represents the Group's equity interest in the JV.

**2. COUNTER GUARANTEE DATED 23 DECEMBER 2010**

The salient terms of the Counter Guarantee are summarised below:

**Parties:**

- (1) HKE Sub as the guarantor; and
- (2) CECWP as the beneficiary.

CECWP is a wholly-owned subsidiary of CECEP, which in turn is the only national investment company in the PRC which engages in the fields of energy conservation and environmental protection. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, apart from being a joint venture partner of the Group, CECWP and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

**Amount guaranteed:**

Pursuant to the terms of the Counter Guarantee, HKE Sub shall indemnify CECWP for up to 30% of the Facility (i.e. RMB186,456,000 (about HK\$218,060,000)) together with any interests, penalty, compensation and other related fees and expenses which may be payable by CECWP under the Bank Guarantee.

**3. TERMS OF THE FACILITY**

The salient terms of the Facility are summarised below:

<b>Facility amount</b>	:	Up to RMB621,520,000 (about HK\$726,868,000)
<b>Utilised amount</b>	:	Up to the date of this announcement, the JV has drawn RMB200,000,000 (about HK\$233,900,000) under the Facility.
<b>Interest rate</b>	:	10% below the benchmark loan rate as quoted by the People's Bank of China on each anniversary of the date of execution of the loan agreement for loan of similar duration
<b>Interest payment</b>	:	In arrears on a quarterly basis on the 21st day of March, June, September and December of each calendar year with the last interest payment date falls on the maturity date
<b>Repayment</b>	:	The loan is repayable in installments commencing from October 2011 with the last payment due in October 2024.
<b>Security</b>	:	The loan is secured by (i) the JV pledging all its receivables and income; and (ii) CECWP executing a guarantee, in favour of the Bank.
<b>Usage</b>	:	All amounts drawn under the Facility shall be applied towards the development of the Project.

**4. REASONS FOR, AND BENEFITS OF, PROVIDING THE FINANCIAL ASSISTANCE**

The Group is principally engaged in alternative energy business and software development business and its operations are mainly in Mainland China.

The JV was established by HKE Sub and CECWP in February 2009 with a total investment of RMB950,780,000 (about HK\$1,111,937,000) and a registered capital of RMB323,260,000 (about HK\$378,053,000). The difference between the total investment and the registered capital in the amount of RMB627,520,000 (about HK\$733,885,000) will be principally financed by the Facility. As HKE Sub is a 30% shareholder of the JV, it is fair and reasonable that the Group provides a several guarantee pro-rata to the percentage of its equity interest in the JV to facilitate the development of the Project.

Given that the Facility is provided by a licensed bank in the PRC on normal commercial terms, and the Counter Guarantee only gives CECWP a back-to-back guarantee in respect of CECWP's obligations under the Bank Guarantee pro-rata to the percentage of the Group's equity interest in the JV, the Directors consider the terms and conditions of the Counter Guarantee to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **5. GENERAL**

As the relevant percentage ratios represented by the amount of the Counter Guarantee exceed 25% (but are below 100%), the provision of the Financial Assistance by the Group by way of the Counter Guarantee constitutes a major transaction for the Company under the Listing Rules and is subject to the Shareholders' approval. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Counter Guarantee. As such, no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the provision of the Financial Assistance. HKC (through its relevant wholly-owned subsidiary) is currently holding about 59.18% of the issued share capital of the Company. Pursuant to Rule 14.44 of the Listing Rules, the Relevant HKC Subsidiary had issued a written shareholder's approval to approve the provision of the Financial Assistance and accordingly, no extraordinary general meeting will be convened by the Company to approve the provision of the Financial Assistance.

A major transaction circular in connection with the provision of the Financial Assistance will be despatched to the Shareholders on or before 14 January 2011.

### **(B) DISCLOSURE PURSUANT TO RULE 13.16 OF THE LISTING RULES**

This announcement is also made pursuant to Rule 13.16 of the Listing Rules as the Counter Guarantee given for facilities granted to the JV, an affiliated company of the Company as defined under Rule 13.11(2) of the Listing Rules, had exceeded 8% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

### **(C) CHANGE OF COMPANY SECRETARY**

The Board also announces that Ms MOK Ming Wai ("Ms Mok") has tendered her resignation as the Company Secretary of the Company with effect from 18 December 2010 and Mr. HUNG Ka Wai ("Mr. Hung") has been appointed as the Company Secretary of the Company with effect from 18 December 2010. Mr. Hung is a solicitor of the High Court of Hong Kong and also a member of the Hong Kong Institute of Certified Public Accountants.

The Board takes this opportunity to welcome Mr. Hung to his new position in the Company and would like to thank Ms Mok for her valuable contribution to the Company during her tenure of service.

## (D) DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“associate”	has the meaning ascribed to such term in the Listing Rules
“Bank”	China Development Bank (國家開發銀行), a PRC-licensed bank under the direct jurisdiction of the State Council of the PRC
“Bank Guarantee”	the guarantee executed by CECWP in favour of the Bank dated 25 October 2010 in respect of the Facility
“Board”	the board of Directors
“CECEP”	中國節能環保集團公司 (China Energy Conservation and Environmental Protection Group*)
“CECWP”	中節能風力發電股份有限公司 (CECEP Wind-Power Corporation*), a wholly-owned subsidiary of CECEP
“Company”	Hong Kong Energy (Holdings) Limited, a Cayman Islands company whose shares are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to such term in the Listing Rules
“Counter Guarantee”	the counter guarantee executed by HKE Sub in favour of CECWP dated 23 December 2010
“Directors”	the directors of the Company
“Facility”	the loan facility in the principal amount of RMB621,520,000 extended by the Bank to the JV
“Financial Assistance”	the financial assistance indirectly provided by the Group to the JV by way of the Counter Guarantee
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

“HKC”	HKC (Holdings) Limited, a Bermuda company whose shares are listed on the main board of the Stock Exchange
“HKE Sub”	HKE (Da He) Holdings Limited, an indirect wholly-owned subsidiary of the Company
“JV”	中節能港能風力發電(張北)有限公司 (CECIC HKE Wind Power Co., Ltd.*), a limited liability company established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Project”	the 100.5MW wind power project being developed by the JV in Lunaobao, Zhangbei County, Hebei Province, the PRC (中國河北省張北縣綠腦包)
“Relevant HKC Subsidiary”	wholly-owned subsidiary of HKC which owns a 59.18% shareholding interest in the issued share capital of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board  
**Hong Kong Energy (Holdings) Limited**  
**YUNG Pak Keung, Bruce**  
*Managing Director*

Hong Kong, 23 December 2010

*As at the date of this announcement, the Board comprises eight Directors of which Mr. OEI Kang, Eric, Mr. CHANG Li Hsien, Leslie, Dr. YUNG Pak Keung, Bruce and Mr. LEUNG Wing Sum, Samuel are executive Directors; Mr. Tanguy SERRA is non-executive Director; and Mr. ZHANG Songyi, Mr. TANG Siu Kui, Ernest and Mr. YU Hon To, David are independent non-executive Directors.*

*For the purpose of this announcement, the translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.1695.*

\* *The unofficial English transliterations or translations are for identification purposes only.*