



[For immediate release]

## **HKC (Holdings) Acquires Premium Residential and Commercial Development Project in Tianjin Enlarges Land Bank Taps New Opportunities**

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### **Alternative Energy Projects Progress Smoothly**

(Hong Kong, 22 May 2007) — **HKC (Holdings) Limited** (“HKC (HOLDINGS)” or the “Group”) (SEHK: 190) announced that it has signed an equity transfer agreement through its indirect wholly-owned subsidiary, Hong Kong Construction Tianjin Tuan Po Hu Investment Limited, with Zhi Sheng Holdings Limited (“Zhi Sheng”) to acquire Rayman Limited (“Rayman”), a wholly-owned subsidiary of Zhi Sheng, at a cash consideration of RMB 759,780,000 (about HK\$774,975,600) on 19 May 2007. When the acquisition is completed, the Group will hold entire equity interests in Tianjin Renai Property Development Company Limited (“Renai Property”) owned by Rayman.

Renai Property is a wholly foreign-owned enterprise based in Tianjin. It owns a piece of land in the eastern part of Tuanbo Lake of Jinhai County of Tianjin Municipality. After the acquisition, the Group will assume total right to the land for developing commercial and residential premises for a term of 40 and 70 years respectively.

**Mr. Eric Oei, Managing Director and Chief Executive Officer of HKC (HOLDINGS)**, said, “The Group has successfully transformed from a traditional construction company into a major property developer in the PRC. This latest acquisition serves again to prove its determination to pursue quality property development projects in the country and our ability to secure premium sites with favorable terms. Furthermore, part of the Baohai Bay Rim area that has been identified as a focus for development in the PRC’s ‘11<sup>th</sup> Five Year Plan’, Tianjin is expected to have immense growth prospects in the long term. We believe the acquisition will not only enlarge the Group’s land bank, but will also facilitate its capturing of opportunities in the booming local economy and property market.”

Meanwhile, the Group’s alternative energy business has also made considerable progress. The Group secured a waste-to-energy project in Linyi, Shandong through its subsidiary, Hong Kong Energy (Holdings) Limited last September. With full support from the local government, the project proceeded smoothly and as scheduled. Construction had been completed and equipment including boiler and turbine generator are being installed and tested. The no. 2 boiler has started test-running and is expected to be ready for power generation and connection to power grids in September this year.

The total investment in the waste-to-energy project, which can process 800 tonnes of household waste a day or close to 300,000 tonnes a year, is RMB 278,000,000. It will also be able to generate electricity of approximately 200 million kWh annually with tariff rate of over RMB 0.50 kWh and tipping fee from garbage collection.

As for the wind power project in Danjinghe, Zhangbei, Hebei Province jointly secured by the Group and China Energy Conservation and Investment Corporation in September 2006, a groundbreaking ceremony was held late last month. The total investment in this wind power project with a capacity of 200MW and a franchise term of 25 years is RMB 1,604,820,000. Works include the installation of 207 wind turbines of capacity between 750kW and 1,500kW. When the project is completed, it will be able to generate electricity of approximately 440 million kWh a year.

So far, the Group has completed the construction tender for the tower structure and infrastructure of 54 sets of 750kW wind power generators, one main 120,000 KVA transformer and fitting of the integrated transformer building, etc. The first wind power generator of the project is expected to be able to start operation in July 2008 and the entire project will be in full swing by March 2010.

Mr. Oei concluded, "Alternative energy is the development focus of the world today and the PRC has set the target of having alternative energy account for 15% of the total power supply in the country by 2020. Heeding these trends, the Group has leaped into action and begun investing in the area. Both progressing smoothly, the waste-to-energy project in Linyi and the wind power project in Hebei are going to facilitate long-term development of the Group's alternative energy business. This new business endeavor plus property development in the PRC together have given the Group a solid business portfolio for generating substantial returns for its shareholders in the near future."

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#### **About HKC (Holdings) Limited (stock code: 190)**

HKC (Holdings) Limited, channeling its extensive experience and the strong leadership of the new energetic management team, is now placing its strategic focus on the exponential growth that exists in the Property, Infrastructure and Alternative Energy sectors in China. Originally established as Kumagai (HK) Ltd. in 1973, the Group's construction arm, Hong Kong Construction (Hong Kong) Limited, has been one of the Territory's most respected specialized civil engineering, structural and building industries' contractors for more than 30 years. As a resurgent company, the Group aims to sustain the exceptional progress it has made in its diversified fields of businesses.

For more information, please visit the Group's website: <http://www.hkcholdings.com>.

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