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**香港建設(控股)有限公司**  
**HONG KONG CONSTRUCTION (HOLDINGS) LIMITED**

(Incorporated in Hong Kong with limited liability)

web site: [www.hkconstruction.com](http://www.hkconstruction.com)

(Stock code: 190)

**CONNECTED TRANSACTION**  
**CONSULTANCY AGREEMENT WITH ASIA WIND POWER**

On 25th August 2005, the Group through Sinoriver (a wholly-owned subsidiary of the Company) entered into the Consultancy Agreement with Asia Wind Power pursuant to which Sinoriver agreed to provide consultancy services in connection with certain wind power projects in Heilongjiang, the PRC to Asia Wind Power. In consideration of the consultancy services to be provided as set out in the Consultancy Agreement, Sinoriver shall receive a consultancy fee of RMB7.5 million (about HK\$7.2 million).

The Consultancy Agreement constitutes a connected transaction for the Company under Listing Rule 14A.13(1). As the applicable percentage ratio represented by the consultancy fee is more than 0.1% but less than 2.5% in accordance with Rule 14A.32 of the Listing Rules, details of the transaction are required to be disclosed in this announcement pursuant to the Listing Rules 14A.45 to 14A.47 and included in the Company's next published annual report and accounts.

**1. CONSULTANCY AGREEMENT DATED 25TH AUGUST 2005**

**Parties:**

- (a) Sinoriver, which is a wholly-owned subsidiary of the Company; and
- (b) Asia Wind Power, which has 25% shareholding interest in Hong Kong Wind Power (Muling) Company Limited\*. The remaining 75% shareholding is indirectly held by the Company through Sinoriver. As such, Asia Wind Power is a connected person of the Company.

**2. TERMS**

**Scope of services:**

Pursuant to the Consultancy Agreement, Asia Wind Power appointed Sinoriver as a consultant to provide consultancy services in connection with certain wind power projects under feasibility review by Asia Wind Power in Heilongjiang, the PRC (the "Projects") for a period of one month from the date of the Consultancy Agreement. The scope of the services is summarised below:

- (a) negotiating and liaising with the relevant parties and their respective intermediaries relating to the Projects;
- (b) rendering professional support services in connection with business and financial planning, and legal as well as accounting matters;
- (c) assisting in procuring the relevant loan financing for the Projects; and
- (d) providing general care and advice on other issues in connection with the Projects.

**Consideration:**

Sinoriver will receive from Asia Wind Power a consultancy fee in the sum of RMB7.5 million (about HK\$7.2 million), payable in cash within one month after the services have been rendered, in consideration of the consultancy services to be rendered under the Consultancy Agreement.

**3. REASON FOR THE CONSULTANCY AGREEMENT**

The principal business of Asia Wind Power is investment holding of wind power projects in Heilongjiang. The Group has undertaken various projects in the energy field including the Castle Peak 'A' and 'B' Power Stations at Tap Shek Kok, Penny's Bay Gas Turbine Power Station in Lantau, and Yangpu Power Station in Hainan, PRC. Recently, the Group also acquired 15.48% registered capital indirectly in a hydro-power plant in Chongqing, PRC. The Group has thus accumulated broad and direct experience in planning, undertaking and operating large scale projects in the energy field in general and in other special energy projects, including coal-fired, hydro-electric power and wind power plants in particular. Asia Wind Power believes that it can make use of the Group's experience and expertise in project management and cost control to facilitate the overall progress of the Projects in Heilongjiang.

**4. CONNECTED TRANSACTION**

- (a) Asia Wind Power, by virtue of its 25% shareholding in Hong Kong Wind Power (Muling) Company Limited\* whose remaining 75% shareholder is indirectly held by the Company through Sinoriver, is a connected person of the Company. Therefore, the Consultancy Agreement constituted a connected transaction for the Company under Listing Rule 14A.13(1). As the applicable percentage ratio represented by the consultancy fee payable to the Group is more than 0.1% but less than 2.5%, it is exempted from the independent shareholders' approval requirements, but the details of the transaction are required to be disclosed in this announcement subject to the reporting and announcement requirements under Listing Rules 14A.45 to 14A.47, and included in the Company's next published annual report and accounts.
- (b) The Consultancy Agreement was negotiated on an arm's length basis for the actual and estimated consultancy services to be rendered by Sinoriver to Asia Wind Power. The consultancy fee receivable by the Group was agreed after taking into account various factors including, principally, the special expertise of the Group in managing projects of this type, the potential size of the Projects, the relatively tight time schedule (namely, one month) for delivering such services and the costs of the Group involved. The amount of the consultancy fee to be received by Sinoriver under the Consultancy Agreement will not be affected even if the Projects do not materialize.
- (c) The Directors (including the independent non-executive Directors) consider the Consultancy Agreement to be on normal commercial terms and its terms to be fair and reasonable as far as the Shareholders as a whole are concerned. The Board also considers the Consultancy Agreement to be in the interests of the Company and the Shareholders as a whole.

5. **GENERAL**

The Group is principally engaged in construction, property development and investment in Hong Kong and the PRC as well as infrastructure projects in the PRC.

6. **DEFINITIONS**

In this announcement, the following terms shall have the meanings set out below:

“Asia Wind Power”	Asia Wind Power Investment Limited, a company incorporated in Hong Kong and, to the best of the knowledge and belief of the Directors after making reasonable enquiry, its principal business is investment holding of certain wind power projects in Heilongjiang, PRC
“Board”	the board of Directors
“Company”	Hong Kong Construction (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	in relation to a company listed on the Stock Exchange, has the meaning ascribed thereto in the Listing Rules
“Consultancy Agreement”	the consultancy agreement dated 25th August 2005 between Sinoriver and Asia Wind Power
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shareholders”	the shareholders of the Company
“Sinoriver”	Sinoriver International Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

By order of the Board  
**HONG KONG CONSTRUCTION (HOLDINGS) LIMITED**  
**OEI Kang, Eric**  
*Managing Director and Chief Executive Officer*

Hong Kong, 30th August 2005

*As at the date hereof, the Board is comprised of 14 Directors, of which 6 are executive Directors, namely Mr. OEI Kang, Eric, Mr. CHEN Libo, Mr. TSANG Sai Chung, Kirk, Ms. SO Hang, Selina, Mr. TANG Sau Wai, Tom and Mr. CHENG Sum Hing, Sam, 5 are non-executive Directors, namely Mr. OEI Tjie Goan, Mr. LI Xueming, Mr. XU Zheng, Mr. LIU Guolin and Mr. FAN Yan Hok, Philip and 3 are independent non-executive Directors, namely Mr. CHUNG Cho Yee, Mico, Mr. CHENG Yuk Wo and Mr. Albert Thomas DA ROSA, Junior.*

*For the purpose of this announcement, the translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.04 = HK\$1.00.*

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

“Please also refer to the published version of this announcement in The Standard.”