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China Conservation Power Holdings Limited
中國環保電力控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 290)

**CHANGE OF AUDITORS
UPDATE ON STATUS OF FINANCIAL DUE DILIGENCE REVIEW,
AND
CLARIFICATION ON PRESS ARTICLES**

CHANGE OF AUDITORS

The Board announced that HLB have resigned effective on 18 May 2006 and Horwath was appointed as auditors of the Company on 13 June 2006 to fill the casual vacancy following the resignation of HLB.

As at the date hereof, the amounts claimed by HLB as stated in the Previous Announcements remain unsettled by the Company. However, the Company and HLB have reached an agreement in principle to settle the claim as soon as possible.

UPDATE ON STATUS OF FINANCIAL DUE DILIGENCE REVIEW

The Board also announced that they are in course of reviewing the draft reports on the Financial Due Diligence Review and may consider conducting a further due diligence review, if necessary. Further announcement will be made as and when necessary.

PRESS ARTICLES

The Board noted the Press Articles and wishes to make clarification as set out in the paragraph headed "Press Articles" below.

SUSPENSION OF TRADING OF SHARES

Trading in the shares of the Company was suspended with effect from 9:30 am on 29 September 2005 and will remain suspended until further notice.

CHANGE OF AUDITORS

The board (“Board”) of directors (the “Directors”) of China Conservational Power Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) announced that on 18 May 2006, the Company received a resignation letter (the “Resignation Letter”) from Messrs. HLB Hodgson Impey Cheng (“HLB”) resigning as auditors of the Company effective on 18 May 2006. Messrs. Horwath Hong Kong CPA Limited (“Horwath”) was appointed as Auditors of the Company to fill the casual vacancy created by HLB and to hold office with effect from effective 13 June 2006 until the conclusion of the next annual general meeting of the Company.

It is stated in the Resignation Letter that “*[i]n light of the investigation being conducted by the Independent Commission Against Corruption over the “Alleged Matters” as disclosed in the Company’s announcement dated 10 October 2005, inter alia, [the Company and HLB] cannot agree on a mutually acceptable fee*”. The Board accepted the resignation of HLB on 25 May 2006.

HLB has not commenced any audit work on the financial statements of the Company or any of its subsidiaries for the year ended 31 March 2006. Saved as aforesaid, HLB confirmed in the Resignation Letter that there are no other circumstances connected with their resignation which they consider should be brought to the notice of the members or creditors of the Company and its subsidiaries.

Reference is made to the announcements made by the Company dated 3 April and 20 April 2006 (collectively the “Previous Announcements”). It is stated in the Previous Announcements that HLB has claimed an aggregate of HK\$254,660 from the Company, comprising fees and disbursements. As at the date hereof, the amount remained unsettled by the Company. However, the Company and HLB have reached an agreement in principle to settle the claim as soon as possible.

UPDATE ON STATUS OF FINANCIAL DUE DILIGENCE REVIEW

The Board also announced that they are in course of reviewing the draft reports on the Financial Due Diligence Review and may consider conducting a further due diligence review, if necessary. Further announcement will be made as and when necessary.

PRESS ARTICLES

Reference is made to the announcement made by the Company dated 16 May 2006, relating to, among others, change in substantial shareholders (the “16 May Announcement”) and subsequent press articles reporting that Mr. Chan Tat Chee (“Mr. Chan”), one of the shareholder of Highworth Venture Limited (“Highworth”), has denied that he has sold any of his shares in the Company (the “Press Articles”).

After seeking clarification from Billion Boom Investments Limited (“BBIL”) and Highworth regarding the transfer of certain shares in the Company as stated in the 16 May Announcement, the Company was informed of the following:

- by BBIL that an agreement was entered into relating to the sale and purchase of 63,900,000 shares and the grant by Highworth in favour of BBIL of an option to purchase 9,000,000 shares on 10 May 2006 (the “Agreement”) and the Agreement for the sale and purchase of 63,900,000 shares was completed on 10 May 2006; and
- by Highworth that by correspondence between the respective legal advisors of Mr. Chan and Mr. Hon Ming Kong, the only two shareholders of Highworth in so far as the Company is aware of, that Mr. Chan has confirmed that he has no objection to the sale of the 63,900,000 shares by Highworth to BBIL under the Agreement.

SUSPENSION OF TRADING OF SHARES

Trading in the shares of the Company was suspended with effect from 9:30 am on 29 September 2005 and will remain suspended until further notice.

By order of the Board

CHINA CONSERVATIONAL POWER HOLDINGS LIMITED

You Wei

Executive Director

Hong Kong, 19 June 2006

As at the date of this announcement, the Board consists of Ms. You Wei, Mr. Ng Khai Wain and Mr. Yeung Kwok Leung as Executive Directors; Messrs. Albert Ho, Shane Phillips and Cai Zhixu as Independent Non-Executive Directors.

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