



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

Stock Code: 290



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. SUN Tak Yan, Desmond (*Chairman*)
Mr. NG Cheuk Fan, Keith (*Managing Director*)
Mr. YEUNG Kwok Leung

Independent Non-Executive Directors

Mr. NG Kay Kwok
Mr. LAM Ka Wai, Graham
Mr. TAM B Ray Billy

COMPANY SECRETARY

Ms. CHOW Man Ngan

QUALIFIED ACCOUNTANT

Mr. YEUNG Kwok Leung

AUTHORISED REPRESENTATIVES

Mr. YEUNG Kwok Leung
Ms. CHOW Man Ngan

AUDIT COMMITTEE

Mr. NG Kay Kwok (*Chairman*)
Mr. LAM Ka Wai, Graham
Mr. TAM B Ray Billy

REMUNERATION COMMITTEE

Mr. LAM Ka Wai, Graham (*Chairman*)
Mr. NG Cheuk Fan, Keith
Mr. NG Kay Kwok
Mr. TAM B Ray Billy

NOMINATION COMMITTEE

Mr. TAM B Ray Billy (*Chairman*)
Mr. LAM Ka Wai, Graham
Mr. NG Cheuk Fan, Keith
Mr. NG Kay Kwok

AUDITOR

Horwath Hong Kong CPA Limited
Certified Public Accountants

REGISTERED OFFICE

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PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Chong Hing Bank Limited
Bank of China (Hong Kong) Limited

LEGAL ADVISERS

Hong Kong Law
Troutman Sanders
Cayman Islands Law
Maples and Calder

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 705
Grand Cayman, KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
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Hong Kong

STOCK CODE

0290

WEBSITE

www.290.com.hk

Interim Results

The board (the "Board") of directors (the "Directors") of China Conservational Power Holdings Limited (the "Company") announced the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2007 together with the comparative figures for the corresponding period in 2006 as follows:

Condensed Consolidated Income Statement

For the six months ended 30 September 2007

	Notes	Six months ended 30 September	
		2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
Turnover	3	5,207	2,692
Cost of sales		(2,662)	(2,042)
Gross profit		2,545	650
Other revenue		403	143
Selling expenses		(5)	(6)
Administrative expenses		(7,838)	(10,552)
Recovery of impairment losses	4	2,500	–
Impairment losses	5	(12)	(6)
Loss from operations	6	(2,407)	(9,771)
Finance costs	7	(1,921)	(1,585)
Loss before taxation		(4,328)	(11,356)
Taxation	8	–	(134)
Net loss for the period		(4,328)	(11,490)
Dividends	9	–	–
Loss per share			
– basic	10	(0.9) cents	(2.5) cents
– diluted	10	N/A	N/A

Condensed Consolidated Balance Sheet

As at 30 September 2007

		30 September 2007	31 March 2007
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment	11	1,539	954
Other assets		230	205
		1,769	1,159
Current assets			
Bank balances and cash		18,126	7,284
Pledged bank deposits		2,170	2,134
Investments held for trading	12	38,804	38,816
Inventories		-	213
Accounts receivable	13	4,329	5,405
Progress payments receivable	14	-	1,417
Other receivables, deposits and prepayments		1,911	800
Loans receivable	15	10,606	4,099
Retention money receivables		1,679	1,773
Amounts due from related companies		82	51
		77,707	61,992
Current liabilities			
Bank overdraft (secured)		2,009	1,926
Other borrowings (unsecured)		22,386	14,113
Accounts payable, other payables and accrued charges	16	25,179	15,874
Loans payable		4,401	687
Retention money payables		1,204	1,252
Amount due to a related company		890	890
Amount due to a director		-	529
Obligations under finance leases		290	290
Taxation payable		258	258
		56,617	35,819
Net current assets		21,090	26,173
Total assets less current liabilities		22,859	27,332
Non-current liabilities			
Obligations under finance leases		324	469
Net assets		22,535	26,863
Equity			
Share capital	17	46,407	46,407
Reserves		(23,872)	(19,544)
Total equity		22,535	26,863

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2007

	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	3,857	(9,131)
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	(1,226)	5,317
NET CASH GENERATED FROM FINANCING ACTIVITIES	8,128	1,332
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,759	(2,482)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,358	13,546
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	16,117	11,064
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	18,126	11,808
Bank overdrafts	(2,009)	(744)
	16,117	11,064

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2007

	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Share option reserve (unaudited) HK\$'000	Special reserve (unaudited) HK\$'000	Capital reserve (unaudited) HK\$'000	Translation reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Total (unaudited) HK\$'000
As at 1 April 2007	46,407	233,184	1,208	13,524	1,863	-	(269,323)	26,863
Net loss for the period	-	-	-	-	-	-	(4,328)	(4,328)
As at 30 September 2007	46,407	233,184	1,208	13,524	1,863	-	(273,651)	22,535
As at 1 April 2006	46,407	233,184	1,694	13,524	1,863	(37)	(256,579)	40,056
Equity settled share – based transactions	-	-	(403)	-	-	-	-	(403)
Net loss for the period	-	-	-	-	-	-	(11,490)	(11,490)
As at 30 September 2006	46,407	233,184	1,291	13,524	1,863	(37)	(268,069)	28,163

Notes to the Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements as set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in these unaudited interim financial statements are consistent with those adopted in the Annual Report of the Company for the year ended 31 March 2007.

In the current period, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2007.

HKAS 1 (Amendment)	Capital disclosures ¹
HKFRS 7	Financial instruments: disclosures ¹
HK (IFRIC) – INT 8	Scope of HKFRS 2 ²
HK (IFRIC) – INT 9	Reassessment of embedded derivatives ³
HK (IFRIC) – INT 10	Interim financial reporting and impairment ⁴
HK (IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions ⁵

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 May 2006.

³ Effective for annual periods beginning on or after 1 June 2006.

⁴ Effective for annual periods beginning on or after 1 November 2006.

⁵ Effective for annual periods beginning on or after 1 March 2007.

The adoption of these new HKFRSs had no material effect on the results or financial position for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognized.

Notes to the Condensed Consolidated Financial Statements

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards and interpretations will have no material impact on the results and the financial position of the Group.

HKAS 23 (Revised)	Borrowing costs ¹
HKFRS 8	Operating segments ¹
HK(IFRIC) – INT 12	Service concession arrangements ²
HK(IFRIC) – INT 13	Customer loyalty programmes ³
HK(IFRIC) – INT 14	HKAS19 – The limit on a defined benefit asset, minimum funding requirements and their interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 January 2008.

³ Effective for annual periods beginning on or after 1 July 2008.

3. TURNOVER AND SEGMENTAL INFORMATION

For management purposes, the Group is currently organised into four operating divisions – electrical engineering contracting, sale of electrical goods, securities brokerage and financing and sea freight forwarding services. These divisions form the basis on which the Group reports its primary segment information.

Business segments

	Unaudited				Consolidated HK\$'000
	For the six months ended 30 September 2007				
	Electrical engineering contracting HK\$'000	Sale of electrical goods HK\$'000	Securities brokerage and financing HK\$'000	Sea freight forwarding services HK\$'000	
Turnover	313	751	4,143	-	5,207
Results					
Segment results	(1,765)	(40)	502	(283)	(1,586)
Unallocated operating income and expenses					(821)
Loss from operations					(2,407)
Finance costs					(1,921)
Loss before taxation					(4,328)
Taxation					-
Net loss for the period					(4,328)

Notes to the Condensed Consolidated Financial Statements

3. TURNOVER AND SEGMENTAL INFORMATION (Continued)

Business segments (Continued)

	Unaudited					Consolidated HK\$'000
	For the six months ended 30 September 2006					
	Electrical engineering contracting HK\$'000	Sale of electrical goods HK\$'000	Securities brokerage and financing HK\$'000	Sea freight forwarding services HK\$'000	Others HK\$'000	
Turnover	1,145	492	1,055	-	-	2,692
Results						
Segment results	(2,983)	(962)	(1,092)	(114)	(3)	(5,154)
Unallocated operating income and expenses						(4,617)
Loss from operations						(9,771)
Finance costs						(1,585)
Loss before taxation						(11,356)
Taxation						(134)
Net loss for the period						(11,490)

4. RECOVERY OF IMPAIRMENT LOSSES

	Six months ended 30 September 2007		2006
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	
Partial refund on earnest money for proposed acquisition of interest in a PRC company engaged in software development (note)	2,000		-
Others	500		-
	2,500		-

Note: On 28 September 2007, the company's wholly owned subsidiary, Excellent Legend Limited entered into a settlement agreement with the third party and the guarantor. Pursuant to the settlement agreement, the third party shall refund the earnest money in full (HK\$20 million) without interest to Excellent Legend Limited by 10 instalments of HK\$2 million each. On 28 September 2007, the third party has paid HK\$2 million, being the first instalment.

Notes to the Condensed Consolidated Financial Statements

5. IMPAIRMENT LOSSES

	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Impairment losses in respect of:		
Investment held for trading	12	6

6. LOSS FROM OPERATIONS

	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss from operations has been arrived at after charging:		
Depreciation of property, plant and equipment	312	619
Amortisation of trading rights in respect of securities trading included in administrative expenses	-	126
Loss on disposal of property, plant and equipment	-	157
Cost of inventories recognised as expenses	640	402
Staff costs including directors' fee and emoluments	4,136	5,925
Lease expense	409	837

7. FINANCE COSTS

	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings and overdrafts wholly repayable within five years	68	86
Interest on obligations under finance leases	17	17
Interest on other borrowing	1,836	1,482
	1,921	1,585

Notes to the Condensed Consolidated Financial Statements

8. TAXATION

	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The charge comprises:		
Underprovision of Hong Kong Profits Tax in respect of prior years	-	134

No provision for Hong Kong profits tax for the current period has been made as the Group sustained a loss during the period. Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

9. DIVIDENDS

No dividends were paid or declared during the period. The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2007 (For the six months ended 30 September 2006: Nil).

10. LOSS PER SHARE

The loss per share is calculated based on the loss for the period amounting to approximately HK\$4,328,000 (For the six months ended 30 September 2006: loss of approximately HK\$11,490,000) and on 464,070,000 ordinary shares in issue throughout the two six-month periods ended 30 September 2007 and 2006.

No diluted loss per share has been presented. The exercise of the Company's outstanding share options would result in a decrease in the loss per share.

11. ADDITIONS TO PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$897,000 on plant and equipment (approximately HK\$39,000 for the six months ended 30 September 2006).

Notes to the Condensed Consolidated Financial Statements

12. INVESTMENTS HELD FOR TRADING

	30 September 2007 HK\$'000 (unaudited)	31 March 2007 HK\$'000 (audited)
Non-voting cumulative redeemable convertible preference shares, at cost <i>(note (a))</i>	60,800	60,800
Listed investments, at cost <i>(note (b))</i>	5,780	5,780
	66,580	66,580
Less: Impairment losses	(27,776)	(27,764)
	38,804	38,816

Notes:

(a) Non-voting cumulative redeemable convertible preference shares HK\$60,800,000 represent 80,000,000 non-voting cumulative redeemable preference shares of China Sciences Conservational Power Limited ("CSCPL"), a company listed on the Stock Exchange. The trading of the shares of CSCPL was suspended since 29 September 2005.

(b) Listed investments of HK\$5,780,000 primarily represent 7,500,000 ordinary shares of CSCPL.

13. ACCOUNTS RECEIVABLE

The Group normally grants its customers 90 days credit.

The ageing analysis of accounts receivable as at the balance sheet date is as follows:

	30 September 2007 HK\$'000 (unaudited)	31 March 2007 HK\$'000 (audited)
0 to 30 days	3,050	4,950
31 to 60 days	944	61
61 to 90 days	99	89
91 to 180 days	-	-
More than 180 days	787	856
	4,880	5,956
Less: Provision for doubtful debts	(551)	(551)
	4,329	5,405

The carrying amounts of accounts receivables approximate to their fair value.

Notes to the Condensed Consolidated Financial Statements

14. PROGRESS PAYMENTS RECEIVABLE

The ageing analysis of progress payments receivable as at the balance sheet date is as follows:

	30 September 2007 HK\$'000 (unaudited)	31 March 2007 HK\$'000 (audited)
0 to 30 days	-	1,417
31 to 60 days	-	-
61 to 90 days	-	-
91 to 180 days	-	-
More than 180 days	145	145
	145	1,562
Less: Provision for doubtful debts	(145)	(145)
	-	1,417

The carrying amounts of progress payment receivables approximate to their fair value.

15. LOANS RECEIVABLE

	30 September 2007 HK\$'000 (unaudited)	31 March 2007 HK\$'000 (audited)
Interest bearing loans receivable	71,078	70,024
Margin receivables (<i>Note</i>)	8,797	3,344
Less: Impairment losses	(69,269)	(69,269)
	10,606	4,099

Note: Margin receivables represent loans to securities margin clients which are secured by clients' pledged securities. The balance are repayable on demand and bear interest at prevailing market rate.

In the opinion of the Directors, aged analysis of loans receivable does not give additional value and is therefore not presented.

Notes to the Condensed Consolidated Financial Statements

16. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUED CHARGES

Included in accounts payable, other payables and accrued charges are trade creditors amounting to approximately HK\$12,701,000 (At 31 March 2007: approximately HK\$8,973,000). The ageing analysis of trade creditors as at the balance sheet date is as follows:

	30 September 2007 HK\$'000 (unaudited)	31 March 2007 HK\$'000 (audited)
0 to 30 days	9,676	5,111
31 to 60 days	38	38
61 to 90 days	72	62
91 to 180 days	93	228
More than 180 days	2,822	3,534
	12,701	8,973

The carrying amount of accounts payable, other payables and accrued charges approximate to their fair value.

17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Shares of HK\$0.10 each		
<i>Authorised:</i>		
Balance as at 1 April 2006, 31 March 2007 and 30 September 2007	1,000,000,000	100,000
<i>Issued and fully paid:</i>		
Balance as at 1 April 2006, 31 March 2007 and 30 September 2007	464,070,000	46,407

Notes to the Condensed Consolidated Financial Statements

18. OPERATING LEASE COMMITMENTS

As at the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2007 HK\$'000 (unaudited)	31 March 2007 HK\$'000 (audited)
Land and buildings:		
Operating leases which expire:		
– within one year	2,187	742
– in the second to fifth year inclusive	2,722	295
	4,909	1,037

19. RELATED PARTY TRANSACTIONS

The Group had the following related party transactions during the period:

	Six months ended 30 September 2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
Brokerage commission income received from directors of the Company	47	–
Rental and management fee expenses paid to company beneficially owned by a former substantial shareholder of the Group	79	363
Rental expenses paid to company beneficially owned by a former Director and Chairman of the Group	–	191

Notes to the Condensed Consolidated Financial Statements

20. COMPARATIVE FIGURES

Certain comparative figures were re-classified to conform with current period's presentation.

21. REVIEW OF UNAUDITED INTERIM FINANCIAL REPORT

The unaudited interim financial report for the six months ended 30 September 2007 has been reviewed by the audit committee of the Company.

22. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved by the board on 19 December 2007.

Interim Dividend

The Directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 September 2007 (2006: Nil).

Management Discussion and Analysis

REVIEW OF OPERATIONS

During the period, the Group recorded an unaudited loss attributable to shareholders of approximately HK\$4,328,000 (2006: loss of approximately HK\$11,490,000). The decrease in loss as compared to the same period in 2006 was mainly attributable to improving operating result from securities brokerage business and recovery of certain impairment losses during the period.

SECURITIES BROKERAGE AND FINANCING BUSINESS

Hong Tong Hai Securities Limited, a wholly owned subsidiary of the Company, is engaged in securities brokerage and margin financing business. The income from these operations increased to approximately HK\$4,143,000 from approximately HK\$1,055,000 in the corresponding period of last year, representing an increase of 292.7%. Due to the active stock market in Hong Kong, our client base had increased by over 60% during the period under review. Hong Tong Hai Capital Limited, a wholly owned subsidiary of the Company which was engaged in money lending business, did not grant any new loan during the period under review. The money lender licence of Hong Tong Hai Capital Limited expired on 15th June 2006 and had not been renewed. Turnover from securities brokerage and margin financing business accounted for 79.6% (2006: 39.2%) of the total turnover of the Group.

ELECTRICAL ENGINEERING CONTRACTING BUSINESS

During the period, the electrical engineering contracting business had completed all the contracts on hand. The electrical engineering contracting business generated a turnover of approximately HK\$313,000, representing a decline of 72.6% from HK\$1,145,000 in the corresponding period in 2006. Turnover from electrical engineering contracting business accounted for 6.0% (2006: 42.5%) of the total turnover of the Group.

ELECTRICAL MATERIALS & COMPONENT TRADING BUSINESS

The sales from electrical materials and components business increased by 52.6% to approximately HK\$751,000 as compared to HK\$492,000 in the corresponding period of last year. Turnover from electrical materials and components business accounted for 14.4% (2006: 18.3%) of the total turnover of the Group.

Management Discussion and Analysis *(Continued)*

SEA FREIGHT FORWARDING SERVICES BUSINESS

Due to the recent unfavorable environment in sea freight forwarding business, the business development of the Group in this sector has been difficult. Notwithstanding this, the management would endeavor to further explore for any possible business opportunity in this area.

FINANCIAL REVIEW AND ANALYSIS

Financing

Liquidity, Financial Resources and Gearing

The Group's total current assets and current liabilities were approximately HK\$77,707,000 (as at 31 March 2007: HK\$61,992,000) and approximately HK\$56,617,000 (as at 31 March 2007: HK\$35,819,000) respectively, while the current ratio was about 1.37 times (as at 31 March 2007: 1.73 times).

As at 30 September 2007, the Group's aggregate cash balance amounted to approximately HK\$18,126,000 (as at 31 March 2007: HK\$7,284,000), representing 23.3% (as at 31 March 2007: 11.7%) of total current assets.

As shown in the Group's consolidated balance sheet as at 30 September 2007, total equity amounted to approximately HK\$22,535,000 (as at 31 March 2007: HK\$26,863,000); whereas the Group's total borrowing was about approximately HK\$25,009,000 (as at 31 March 2007: HK\$16,798,000) only, which mainly comprised of HK dollar overdrafts, borrowings and finance lease obligations. Bank overdrafts carry interest on the prime lending rate, other borrowings carry interest at fixed rate and finance charges are fixed on the date the finance leases are entered into.

As at 30 September 2007, the gearing ratio, defined as total debts over total assets, was approximately 31.47% (as at 31 March 2007: 26.59%). The increase in the gearing ratio was mainly due to the draw down of a new loan by the Group during the period.

Foreign Exchange Management

The Group's purchases from overseas suppliers are always subject to foreign currency fluctuations. The Group monitors the risks in foreign exchange by way of placing forward foreign exchange contracts. Since the Company's shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group basically has not changed its foreign exchange management policy. The risks in foreign exchange within this year were reduced because of the reduction on trade activities leading to decrease in purchases from overseas. As at 30 September 2007, the Group had no outstanding forward foreign exchange contracts on hand.

Management Discussion and Analysis *(Continued)*

Contingent Liabilities and Capital Commitments

At 30 September 2007, the Group had no material contingent liabilities and capital commitments.

Pledge of Assets

At 30 September 2007, the Group had pledged bank deposits of approximate HK\$2 million (At 31 March 2007: approximately HK\$2 million) to secure certain bank facilities available to the Group.

Prospects

It is the Board's intention to continue with the existing business operations of the Group including electrical engineering contracting business, trading in electrical materials and components, investment holding, securities brokerage and margin financing, while at the same time looking for new business opportunities.

The Board determined to use their best endeavor to maintain a high standard of corporate governance.

Trading in the shares of the Company has been suspended since 29 September 2005. To protect the interest of the shareholders of the Company, steps had been taken by the Board for the resumption of trading of the shares of the Company on the Stock Exchange. One of the step was that the Company has engaged an independent accountant to conduct a review of the financial reporting system and internal control procedures of the Group.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 30 September 2007, save as certain nominee shares in subsidiaries held by the Directors in trust for the Group, none of the Directors of the Company and/or any of their respective associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Mode Code in the Listing Rules or under Division 7 and 8 of Part XV of the SFO.

Substantial Shareholders' Interests

As at 30 September 2007, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the shares or the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital were as follows:

Long position in the shares of the Company

Name of Shareholder(s)	Number of Shares held	Approximate percentage of total issued share capital
Good Treasure Holdings Limited (<i>Note 1</i>)	108,000,000	23.27%
AWH Fund Ltd. (<i>Note 2</i>)	27,366,000	5.90%

Notes:

1. Good Treasure Holdings Limited ("Good Treasure") is a company incorporated in the British Virgin Islands and whose entire equity interest is beneficially owned by Mr. Li Chun Sing, Andrew.

Pursuant to a sale and purchase agreement entered into between Billion Boom Investments Limited ("BBIL") and Good Treasure on 14 August 2007, BBIL sold and Good Treasure purchased 63,900,000 shares of HK\$0.1 each in the Company (representing approximately 13.77% of the Company's issued share capital), at a total consideration of HK\$16,786,530.00. On the same day, Good Treasure also acquired an aggregate of 44,100,000 shares from three other shareholders of the Company. Hence, as at 30 September 2007, Good Treasure is interested in 108,000,000 shares of the Company (representing approximately 23.27% of the Company's issued share capital).

Besides, on 5 November 2007, Good Treasure, Highworth Venture Limited ("Highworth") and BBIL entered into a Deed of Assignment (the "Assignment"), pursuant to which, BBIL assigned a call option granted by Highworth to Good Treasure. Under the Assignment, Good Treasure may exercise the call option to acquire the entire 9,000,000 shares (representing approximately 1.94% of the Company's issued share capital) at an exercise price of HK\$1 in total. The share certificates in respect of the 9,000,000 shares were reported to have been lost and the replacement certificates were being applied for.

To sum up, as at the date hereof Good Treasure is deemed to be interested in an aggregate of 117,000,000 shares (representing approximately 25.21% of the issued share capital of the Company) under the SFO.

2. The interest of AWH Fund Ltd. in the Company is based on the information available on the website of the Stock Exchange as at 30 September 2007 and 19 December 2007.

Save as disclosed herein and so far as is known to the Directors as at 30 September 2007, no person had an interest or a short position in the shares or the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or no person was, directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital.

Share Option Schemes

The existing share option scheme (the "Option Scheme") was approved and adopted by the shareholders of the Company on 12 February 2003. The Option Scheme is valid and effective for a period of 10 years after the date of adoption.

Under the terms of the Option Scheme, the directors of the Company may, at their discretion, grant options to the full-time employees, including executive directors of the Company and its subsidiaries, to subscribe for shares of the Company for recognition of their contribution as incentives or rewards. Options granted must be taken up within 30 days of the date of grant. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option which will entitle the holders to subscribe for shares of the Company during a period of 5 years commencing on the date of acceptance of the option at a price not less than the higher of (i) the nominal value of the shares of the Company; (ii) the closing price of the shares of the Company on the Stock Exchange on the date of grant; and (iii) the average of the closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of the grant of the option. The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Option Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. Subject to the shareholders' approval, the maximum number of shares in respect of which options may be granted under the Option Scheme shall not exceed 10% of the shares in issue as at the date of the approval, or the maximum number of shares in respect of which options may be granted to any employee may not exceed 1% of the shares in issue from time to time in a 12-month period. Subject to the entitlements of dividends, bonus, rights declared before the exercise of options, any shares allotted and issued on the exercise of an option will rank *pari passu* with the other shares in issue at the date of exercise of the relevant option.

An ordinary resolution relating to the refreshment of the limit to grant of option under the Option Scheme was duly passed at the Extraordinary General Meeting held on 18 March 2005.

As at 30 September 2007, the number of shares in respect of which options had been granted and remaining outstanding under share option schemes of the Company was 13,700,000 (2006: 19,622,600) representing about 2.95% (2006: about 4.23%) of the shares of the Company in issue as at that date.

Share Option Schemes

A summary of the movements during the period in the Company's share options is as follows:

Option type	Number of share options				Outstanding at 30 September 2007
	Outstanding at 1 April 2007	Granted during the period	Lapsed during the period	Exercised during the period	
2004B	200,000	-	-	-	200,000
2004C	2,100,000	-	-	-	2,100,000
2006A	11,400,000	-	-	-	11,400,000
Total	13,700,000	-	-	-	13,700,000

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Closing price immediately before/on the date of grant HK\$	Exercise price per share HK\$
2004B	27 August 2003	27 August 2003 to 26 August 2008	1.170	1.3060
2004C	16 January 2004	16 January 2004 to 15 January 2009	0.840	0.8520
2006A	2 August 2005	2 August 2005 to 1 August 2010	0.340	0.3520

Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Corporate Governance

The Company is committed to maintain a high standard of corporate governance practices and procedures. During the period under review, save as disclosed below, none of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, in compliance with the Code on Corporate Governance Practice ("CG Code") as set out in Appendix 14 to the Listing Rules.

Code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy shall hold office only until the next following general meeting and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Pursuant to the Articles of Association of the Company, the Managing Director is not subject to rotation and the Directors are not subject to retirement by rotation at least once every three years. This constituted a deviation from code provision A.4.2.

However, in view of the fact that, the Articles of Association provides that one-third of the Directors (other than the Managing Director or Joint Managing Director) for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not exceeding, one-third, shall retire from office by rotation, the Board considers that there are sufficient measures in place to ensure that the corporate governance of the Company are no less exacting than the Code provisions. The Company will review its Articles of Association from time to time and will convene general meetings to make necessary amendments to ensure observance the provisions of the Listing Rules whenever necessary. Pending amendments to the Articles of Association, the Managing Director will voluntarily subject himself to the rotation requirements at least once every three years.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises Messrs. Ng Kay Kwok, Lam Ka Wai, Graham as well as Tam B Ray, Billy, all of whom are Independent Non-Executive Directors. Mr. Ng Kay Kwok is the Chairman of the Audit Committee.

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 September 2007.

REMUNERATION COMMITTEE

To comply with the CG Code, a remuneration committee was established on 20 October 2006 with specific written terms of reference which deal clearly with its authority and duties. It comprises of four members, namely, Messrs. Lam Ka Wai, Graham, Ng Cheuk Fan, Keith, Ng Kay Kwok and Tam B Ray, Billy, three of whom are Independent Non-Executive Directors. Mr. Lam Ka Wai, Graham is the Chairman of the Remuneration Committee.

Corporate Governance

NOMINATION COMMITTEE

A nomination committee was established on 19 December 2007 comprising four members, namely, Messrs. Tam B Ray Billy, Lam Ka Wai, Graham, Ng Cheuk Fan, Keith, and Ng Kay Kwok, three of whom are Independent Non-Executive Directors. Mr. Tam B Ray Billy is the Chairman of the Nomination Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code under Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All Directors confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2007.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the period.

By order of the Board

CHINA CONSERVATIONAL POWER HOLDINGS LIMITED

Ng Cheuk Fan, Keith

Managing Director

Hong Kong, 19 December 2007