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CHINA SCIENCES CONSERVATIONAL POWER LIMITED 中科環保電力有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 351)

CLARIFICATION ANNOUNCEMENT

Reference is made to the Articles. This announcement is made to provide clarification on the Articles.

Reference is made to certain newspaper articles (“Articles”) today in connection with a writ of summons filed by Mr. Chan Tat Chee (“Mr. Chan”), a former director of China Sciences Conservational Power Limited (“Company”) against the Company for the repayment of a loan in the sum of HK\$1,500,000 granted by him in February 2005 (“Loan”). This announcement is made to provide clarification on the Articles.

The board of directors (“Board”) of the Company wishes to inform that a writ of summons was issued by Mr. Chan against the Company for the repayment of the Loan, which writ was served on the Company on 10 March 2009 (“Claim”).

According to the records of the Company, the Board wishes to clarify that the Loan alleged to be granted by Mr. Chan is not a loan granted by him, but, in fact, a repayment of an advance in the same amount paid by the Company to Mr. Chan in January 2005. The Board further wishes to clarify that based on the existing information available to the Company and to the best knowledge of the Company that the Claim together with other claims in the aggregate sum of approximately HK\$17.4 million previously made by Mr. Chan in response to the Company’s recovery action under HCA 36 of 2009 do not have valid grounds, with most of these claims are either repayment of loans or advances granted by the Company or the return of certain parts of funds misappropriated by him.

In September 2006, Mr. Chan pleaded guilty to six charges against him including, theft, conspiracy to steal and conspiracy to defraud, involving, among other things, misappropriation of the Company’s funds in the region of HK\$23.5 million. According to the information available to the Company, the total sums that have been misappropriated have exceeded such sum of HK\$23.5 million under the aforesaid charges. However, provisions for the misappropriated funds to the extent that they have been identified and considered appropriate by the Company have been made by the Company in its previous audited accounts. Accordingly, the Board does not consider that such misappropriated funds would give rise to any material adverse effect to the Company in its existing operations. The Company is now seeking legal advices with view to institute legal proceedings against Mr. Chan to recover funds misappropriated by him, including those under the aforesaid charges, in addition to the existing legal action under HCA 36 of 2009 by the Company against Mr. Chan for repayment of loan in the sum of HK\$3,000,000 advanced to him by the Company. Further announcement in relation to any further legal actions to be taken by the Company will be made by the Company as and when necessary.

By Order of the Board
China Sciences Conservational Power Limited
Liang Jun
Chairman

Hong Kong, 11 March, 2009

As at the date of this announcement, the executive directors of the Company are Mr. Liang Jun (Chairman), Mr. Chan Wai Ming and Mr. Chan Ka Fat; the non-executive director of the Company is Mr. Tse On Kin; and the independent non-executive directors of the Company are Mr. Chan Chi Yuen, Mr. Zhang Xi and Mr. Tsang Kwok Wa.