China Conservational 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)

ANNOUNCEMENT

The Board notes today's increases in price and trading volume of the shares of the Company and wishes to state that, save as described below, the Board is not aware of the reasons for such increases:

– the placing of 64,454,000 shares of the Company under the general mandate as set out in the announcement dated 5 November 2004 was completed on 30 December 2004;

– Mr. Chan Tat Chee, the Chairman and an executive director of the Company, has disposed his entire interest of 8,262,000 shares in the Company today, representing approximately 2.14% of the issued share capital of the Company as at the date hereof; and

– as stated in the announcements made by the Company dated 22 November 2004 and 6 December 2004, respectively, the Company is in the course of conducting a due diligence review of the affairs of the PRC Company pursuant to the Letter of Intent.

Shareholders and investors should exercise caution when dealing in the shares of the Company.

Unless otherwise defined, terms used herein shall have the same meanings as those defined in the announcements made by the Company dated 5 November 2004, 22 November 2004 and 6 December 2004, respectively.

The board (the "Board") of directors of China Conservational Power Holdings Limited (the "Company") notes today's increases in price and trading volume of the shares of the Company and wishes to state that, save as described below, the Board is not aware of the reasons for such increases.

1. COMPLETION OF THE PLACING OF 64,454,000 SHARES

The placing of 64,454,000 shares of the Company under the general mandate as set out in the announcement dated 5 November 2004 was completed on 30 December 2004.

2. DISPOSAL OF SHARES BY THE CHAIRMAN AND AN EXECUTIVE DIRECTOR OF THE COMPANY

The Company was informed by Mr. Chan Tat Chee, the Chairman and an executive director of the Company that he has disposed his entire interest of 8,262,000 shares in the Company on-market today at a price of HK$0.46 each (the "Disposal"), representing approximately 2.14% of the issued share capital of the Company as at the date hereof. Based on the information available to the Company, as at the date of this announcement, not less than 25% of the issued share capital of the Company is in the hands of the public.

3. THE PROPOSED ACQUISITION

References is made to the announcements made by the Company dated 22 November 2004 and 6 December 2004, respectively, in relation to, among others, the proposed acquisition of up to 49% of the equity interest of a pharmaceutical products distribution and investment company in the PRC. The Company is in the course of conducting a due diligence review of the affairs of the PRC Company pursuant to the Letter of Intent. The Proposed Acquisition is subject to completion of a due diligence review of the affairs of the PRC Company and negotiation and finalization of the terms and conditions in relation thereof. Accordingly the Proposed Acquisition may or may not be consummated.

Further announcement will be made by the Company in respect of any further material development of the Proposed Acquisition.

Save as disclosed above, the Board confirms that there is no negotiations or agreement relating to intended acquisition or realizations which are discloseable under Rule 13.23 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and the Board is also not aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of price-sensitive nature.

Shareholders and investors should exercise caution when dealing in the shares of the Company.

As at the date of this announcement, the Board comprises ten directors of which Messrs. Chan Tat Chee, Hon Ming Kong, Lee Yu Leung, Chen Jun Nong, Pascal Ting, Lin Hoi Kwong are the executive directors; and Mr. Li Yong, Alfa is an non-executive director and Messrs. Fork Siu Lun, Tommy, Tsoi Wai Kwong and Loo Chung Keung, Steve are the independent non-executive directors.

By Order of the Board
China Conservational Power Holdings Limited
Chan Tat Chee
Chairman

Hong Kong, 3 January 2005

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