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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

RESULTS

The board (the "Board") of directors (the "Directors") of China Sciences Conservational Power Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008, together with the comparative figures for the previous year prepared in accordance with generally accepted accounting principles in Hong Kong as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	**2008** ***HK$'000***	2007 *HK$'000* (Restated)
CONTINUING OPERATION			
Turnover	*3*	**108,130**	81,428
Other income and gains	*5*	**54,660**	26,473
Fuel costs		**(88,940)**	(44,276)
Depreciation and amortisation		**(20,235)**	(27,988)
Employee costs		**(18,574)**	(16,567)
Impairment loss on construction in progress		**(3,459)**	(3,165)
Change in fair value of the derivative component of convertible bonds		**(6,943)**	—
Concession intangible assets maintenance provision		**(5,419)**	—
Other operating expenses		**(34,745)**	(27,820)
Finance costs	*6*	**(25,194)**	(23,713)
Loss before taxation		**(40,719)**	(35,628)
Income tax	*8*	**3**	—
Loss for the year from continuing operation		**(40,716)**	(35,628)
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations		**—**	246
Loss for the year	*7*	**(40,716)**	(35,382)

	Notes	**2008** *HK$'000*	2007 *HK$'000* (Restated)
Attributable to:			
Equity holders of the Company		**(37,865)**	(31,111)
Minority interests		**(2,851)**	(4,271)
		(40,716)	(35,382)
Dividends	*9*	**—**	—
Loss per share-basic (HK cents per share)	*10*		
— from continuing and discontinued operations		**(1.36)**	(2.69)
— from continuing operation		**(1.36)**	(2.71)

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2008

	Notes	2008	2007
		HK$'000	*HK$'000*
			(Restated)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**5,055**	5,631
Concession intangible assets		**381,661**	352,777
Land use rights		**4,646**	4,447
Construction in progress		**—**	—
Goodwill		**27,261**	25,642
Pledged bank deposits		**17,038**	16,026
		435,661	404,523
Current assets			
Inventories		**12,312**	1,822
Trade and other receivables	*11*	**51,245**	25,369
Tax recoverable		**—**	29
Bank balances and cash		**254,092**	46,893
		317,649	74,113
Assets of a disposal group classified as held for sale		**—**	17
		317,649	74,130
Current liabilities			
Trade and other payables	*12*	**74,889**	71,361
Convertible notes		**—**	20,000
Convertible preference shares		**—**	78,570
Amount due to a minority shareholder of a subsidiary		**—**	923
Amount due to shareholder		**441**	—
Loan from a director		**—**	15,100
		75,330	185,954
Liabilities directly associated with the assets classified as held for sale		**—**	2,936
		75,330	188,890
Net current assets/(liabilities)		**242,319**	(114,760)
Non-current liabilities			
Bank loans		**258,986**	251,608
Provision for maintenance of concession intangible assets		**5,419**	—
Convertible bonds		**57,296**	—
		321,701	251,608
Net assets		**356,279**	38,155
EQUITY			
Share capital		**81,570**	11,570
Reserves		**271,687**	21,057
Equity attributable to equity holders of the Company		**353,257**	32,627
Minority interests		**3,022**	5,528
Total equity		**356,279**	38,155

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANISATION AND OPERATIONS

The Company is a public company incorporated in Hong Kong with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has its registered office and principal place of business at Rooms 1208-1210, Dah Sing Financial Centre, 108 Gloucester Road, Wan Chai, Hong Kong.

The Company acts as an investment holding company and provides corporate management services.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

(b) Basis of preparation of financial statements

These financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain financial instruments which have been measured at fair value.

The consolidated income statement is presented by nature of expenses which the Directors considered is more appropriate to reflect the operating results of the Group.

(c) In the current year, the Group has adopted all of the new and revised HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies, except for HK(IFRIC) — Int 12 "Service Concession Arrangements" as describe below.

The adoption of HK(IFRIC) — Int 11 "HKFRS 2 — Group and treasury share transactions", HK(IFRIC) — Int 14 "HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction" and HKAS 39 & HKFRS 7 Amendments "Reclassification of financial assets" has no impact on the financial statements.

i) The impact of the adoption of HK(IFRIC) — Int 12

HK(IFRIC) — Int 12 gives guidance on the accounting by operators for public-to-private service concession arrangements and sets out the general principles on recognising and measuring the obligations and related rights in service concession arrangements. For arrangements falling within its scope, depending on the terms of the arrangement, the infrastructure assets will, instead of being recognised as property, plant and equipment, be recognised as either (i) a financial asset; (ii) an intangible asset; or (iii) both a financial asset and an intangible asset.

The Group has been granted by the Dongguan Provincial Government the concessions for operating a waste incineration power generation plant in Dongguan. Prior to 1 January 2008, the buildings, plant and equipment within the scope of the service concession were included in property, plant and equipment. As at 1 January 2008, due to the retrospective application of HK(IFRIC) — Int 12 being impracticable, the Group reclassified these buildings, plant and equipment as concession intangible assets, and amortised them over the remaining operating periods in accordance with the transitional provisions of HK(IFRIC) — Int 12. The reclassification of the assets' book values for 2007 has no impact on the loss for the year ended 31 December 2007 and accumulated losses at the beginning of the year.

Contractual obligations to maintain or restore infrastructure

As part of its obligations under the service concession, the Group assumes responsibility for maintenance of the waste incineration power generation plant and equipment. The resulting maintenance costs, except for upgrade services, are recognised in accordance with the requirements of HKAS 37, "Provisions, Contingent Liabilities and Contingent Assets".

Provision for maintenance obligations is measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax rate that reflects current market assessments of time value of money and the risks specific to the obligations.

Other than as described above, the adoption of the new HKFRSs had no material effect on the results and financial position of the Group. Accordingly, no prior year adjustment is required.

The effects of changes in the accounting policies arising from the adoption of HK(IFRIC) — Int 12 are as follows:

	31 December 2007	**Changes**	**31 December 2007**
	HK$'000	*HK$'000*	*HK$'000*
	(Originally reported)		(Restated)
Items on balance sheet			
Non-current assets			
Property, plant and equipment	356,197	(350,566)	5,631
Construction in progress	2,211	(2,211)	—
Concession intangible assets	—	352,777	352,777
Total effects on assets	358,408	—	358,408

ii) Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial statements, the following Standards and Interpretations were in issue but not yet effective:

		Effective date
HKAS 1 (Revised)	Presentation of financial statements	(i)
HKAS 23 (Revised)	Borrowing costs	(i)
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation	(i)
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate	(i)
HKFRS 8	Operating segments	(i)
HK(IFRIC) — Int 15	Agreements for the construction of real estates	(i)
HKFRS 2 (Amendment)	Vesting conditions and cancellations	(i)
HKFRS 7 (Amendment)	Improving disclosures about financial instruments	(i)
HKAS 27 (Revised)	Consolidated and separate financial statements	(ii)
HKAS 39 (Amendment)	Eligible hedged items	(ii)
HKFRS 1 (Revised)	First-time adoption of HKFRSs	(ii)
HKFRS 3 (Revised)	Business combinations	(ii)
HK(IFRIC) — Int 17	Distributions of non-cash assets to owners	(ii)
HK(IFRIC) — Int 13	Customer loyalty programmes	(iii)
HK(IFRIC) — Int 16	Hedges of a net investment in a foreign operation	(iv)
HK (IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded derivatives	(v)
HK(IFRIC) — Int 18	Transfers of assets from customers	(vi)
2008 Improvements to HKFRSs that may result in accounting changes for presentation, recognition or measurement	— HKAS 1, HKAS 16, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 36, HKAS 38, HKAS 39, HKAS 40 & HKAS 41	(i)
	— HKFRS 5	(ii)

Effective date

(i) Annual periods beginning on or after 1 January 2009

(ii) Annual periods beginning on or after 1 July 2009

(iii) Annual periods beginning on or after 1 July 2008

(iv) Annual periods beginning on or after 1 October 2008

(v) Annual periods ending on or after 30 June 2009

(vi) Transfers of assets from customers received on or after 1 July 2009

The Group is in the process of making an assessment of what the impact of these new or revised Standards or Interpretations is expected to be in the period of their initial application.

3. TURNOVER

Turnover, which is also revenue, represents the amount received and receivable for waste incineration power generation and waste handling fees:

	2008	2007
	HK$'000	*HK$'000*
		(Restated)
From continuing operation:		
Waste incineration power generation income	**102,410**	76,782
Waste handling fees	**5,720**	4,646
	108,130	81,428

4. SEGMENT INFORMATION

Business segments

The Group has only one continuing business segment which is waste incineration power generation business in the People's Republic of China ("PRC"). The Group's computer hardware and maintenance support and related services business segment was discontinued during the previous year.

For the year ended 31 December 2008

	Continuing operation	**Discontinued operations**	
	Waste incineration power generation business	**Computer hardware and maintenance support and related services**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
Results			
Turnover	**108,130**	**—**	**108,130**
Segment results	**(7,903)**	**—**	**(7,903)**
Unallocated corporate income and expenses (net)			**(7,622)**
Loss from operations			**(15,525)**
Finance costs			**(25,194)**
Loss before taxation			**(40,719)**
Income tax			**3**
Loss for the year			**(40,716)**
Minority interests			**2,851**
Loss for the year attributable to equity holders of the Company			**(37,865)**

For the year ended and as at 31 December 2008

	Continuing operation	**Discontinued operations**	
	Waste incineration power generation business	**Computer hardware and maintenance support and related services**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
Balance Sheet			
Segment assets	**461,830**	**—**	**461,830**
Unallocated corporate assets			**291,480**
Consolidated total assets			**753,310**
Segment liabilities	**334,032**	**—**	**334,032**
Unallocated corporate liabilities			**62,999**
Consolidated total liabilities			**397,031**
Other Information			
Capital expenditure	**35,290**	**—**	
Depreciation and amortisation	**19,447**	**—**	
Reversal of provision for impairment of other receivables	**(13,405)**	**—**	

For the year ended 31 December 2007

	Continuing operation	Discontinued operations	
	Waste incineration power generation business	Computer hardware and maintenance support and related services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)
Results			
Turnover	81,428	—	81,428
Segment results	(25,419)	246	(25,173)
Gain on disposal of investments held for trading			140
Unallocated corporate income and expenses (net)			13,364
Loss from operations			(11,669)
Finance costs			(23,713)
Loss before taxation			(35,382)
Income tax			—
Loss for the year			(35,382)
Minority interests			4,271
Loss for the year attributable to equity holders of the Company			(31,111)

For the year ended and as at 31 December 2007

	Continuing operation	Discontinued operations	
	Waste incineration power generation business	Computer hardware and maintenance support and related services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)
Balance Sheet			
Segment assets	437,267	17	437,284
Unallocated corporate assets			41,369
Consolidated total assets			478,653
Segment liabilities	317,646	2,936	320,582
Unallocated corporate liabilities			119,916
Consolidated total liabilities			440,498
Other Information			
Capital expenditure	24,894	—	
Depreciation and amortisation	27,186	—	

Geographical segments

As the Group only operates in the PRC, no geographical segment information is presented.

5. OTHER INCOME AND GAINS

	2008	2007
	HK$'000	*HK$'000*
		(Restated)
From continuing operation:		
VAT refund on waste incineration power generation income	**15,786**	—
Gains on liquidation and disposal of subsidiaries	**3,726**	—
Reversal of provision for impairment of other receivables	**13,405**	20,770
Interest expenses waived on convertible notes	**—**	604
Interest expenses waived on convertible preference shares	**5,472**	—
Gain on redemption of convertible preference shares	**11,290**	—
Bank interest income	**1,112**	120
Gain on disposal of investment held for trading	**—**	140
Net exchange gains	**3,840**	4,809
Others	**29**	30
	54,660	26,473

6. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
		(Restated)
From continuing operation:		
Interest on bank borrowings wholly repayable after five years	**20,657**	17,740
Imputed interest on convertible bonds	**675**	—
Imputed interest on convertible preference shares	**3,182**	5,873
Interest on loan from a director	**234**	100
Interest on amount due to shareholder	**446**	—
	25,194	23,713

7. LOSS FOR THE YEAR

	2008	2007
	HK$'000	*HK$'000*
		(Restated)
The Group's loss for the year is arrived at after charging/(crediting):		
Amortisation of concession intangible assets	**19,056**	—
Depreciation of property, plant and equipment	**1,097**	27,913
Amortisation of land use rights	**82**	75
	20,235	27,988
Auditors' remuneration	**2,790**	1,037
Loss on disposal of property, plant and equipment	**139**	470
Impairment loss on construction in progress	**3,459**	3,165
Change in fair value of the derivative component of convertible bonds	**6,943**	—
Concession intangible assets maintenance provision	**5,419**	—
Operating lease rentals in respect of land and buildings	**1,836**	1,347
Staff costs, including directors' remuneration		
— Salaries, wages and other benefits	**17,796**	15,943
— Equity-settled share-based payment expenses	**13**	25
— Contributions to defined contribution retirement scheme	**765**	599
	18,574	16,567
Net exchange gains	**(3,840)**	(5,173)
Reversal of provision for impairment of other receivables	**(13,405)**	(20,770)
Gain on redemption of convertible preference shares	**(11,290)**	—
Gains on liquidation and disposal of subsidiaries	**(3,726)**	—
Gain on disposal of investments held for trading	**—**	(140)

8. INCOME TAX

No provision for Hong Kong profits tax has been made in the financial statements as the companies operating in Hong Kong had no assessable profit for the year (2007: Nil).

No provision for PRC enterprise income tax ("EIT") has been made in the financial statements as the companies operating in the PRC had no assessable profit for the year (2007: Nil).

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress promulgated the Corporate Income Tax Law of the PRC (the "New Tax Law"), which became effective on 1 January 2008. Further, on 6 December 2007, the State Council released the Implementation Rules to the Corporate Income Tax Law.

According to the New Tax Law, the standard EIT rate for enterprises in the PRC was reduced from 33% to 25% with effect from 1 January 2008.

9. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2007: Nil).

The Directors do not recommend the payment of any dividend for the year (2007: Nil).

10. LOSS PER SHARE-BASIC

(a) Loss for the year

The calculation of basic loss per share from continuing and discontinued operations attributable to equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000* (Restated)
Loss for the year attributable to equity holders of the Company	**(37,865)**	(31,111)
Less:		
Profit for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	**—**	246
Loss for the year used in the calculation of basic loss per share from continuing operation	**(37,865)**	(31,357)

(b) Weighted average number of ordinary shares

2,791,492,853 ordinary shares were in issue during the year ended 31 December 2008 (2007: 1,157,027,100).

	2008	2007
	HK cents	*HK cents* (Restated)
Basic (loss)/earnings per share from:		
— continuing operation	**(1.36)**	(2.71)
— discontinued operations	**—**	0.02
Continuing and discontinued operations	**(1.36)**	(2.69)

(c) Diluted loss per share was not presented for both years as the potential ordinary shares are anti-dilutive.

11. TRADE AND OTHER RECEIVABLES

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**11,165**	11,456
Less: Allowance for doubtful debts	**—**	(3,008)
Trade receivables, net	**11,165**	8,448
Other receivables	**117,747**	167,990
Less: Allowance for doubtful debts	**(77,667)**	(151,069)
Other receivables, net	**40,080**	16,921
	51,245	25,369

i) The movement in the allowance for doubtful debts for trade receivables during the year, including both specific and collective loss components, is as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
At beginning of year	**3,008**	3,008
Provision attributable to liquidated and disposed subsidiaries	**(3,008)**	—
At end of year	**—**	3,008

The allowance for doubtful debts has been made for the estimated irrecoverable amounts from the sale of goods. This allowance has been determined by the directors with reference to past default experience.

ii) The movement in the allowance for doubtful debts for other receivables during the year, including both specific and collective loss components, is as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
At beginning of year	**151,069**	177,021
Reversal of provision	**(13,405)**	(20,770)
Provision attributable to liquidated and disposed subsidiaries	**(63,259)**	—
Uncollectible amounts written off	**—**	(9,387)
Exchange adjustments	**3,262**	4,205
At end of year	**77,667**	151,069

iii) The Group normally allows an average credit period of 30 days to its trade customers. The ageing analysis of trade receivables as at the balance sheet date is as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Trade receivables		
— 0 to 30 days	**10,281**	7,968
— Over 30 days	**884**	480
	11,165	8,448

iv) The Directors consider the carrying amounts of trade and other receivables approximate their fair values.

v) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Neither past due nor impaired	**10,281**	7,968
Less than 1 month past due	**884**	480
	11,165	8,448

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

vi) The carrying amounts of trade and other receivables are denominated in the following currencies:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Hong Kong dollars	**36,926**	1,252
Renminbi	**14,319**	24,117
	51,245	25,369

12. TRADE AND OTHER PAYABLES

The ageing analysis of trade payables as at the balance sheet date is as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Current and up to 30 days	**32,469**	7,290
31 to 60 days	**—**	2,606
Over 90 days	**—**	2,002
Total trade payables	**32,469**	11,898
Other payables	**42,420**	59,463
	74,889	71,361

The carrying amounts of trade and other payables are denominated in the following currencies:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Hong Kong dollars	**5,252**	5,962
Renminbi	**69,637**	65,399
	74,889	71,361

The Directors consider the carrying amounts of trade and other payables approximate their fair values.

13. POST BALANCE SHEET EVENTS

On 17 March 2009, Sharprise Holdings Limited ("Sharprise"), a wholly-owned subsidiary of the Company as purchaser entered into a sale and purchase agreement (the "SP Agreement") with Fast Sky Holdings Limited ("Fast Sky") as the vendor and Mr. Zhu Gongshan as the vendor's guarantor and sole shareholder. Pursuant to the SP Agreement, Fast Sky agreed to sell and Sharprise agreed to purchase 70% of the issued share capital of Gofar Holdings Limited ("Gofar"). Fast Sky will procure the purchase by Gofar of equity interests in three companies incorporated in the PRC (the "PRC Companies") which had been approved to carry on the business of construction of a railway in the Hebei Province (河北省), the PRC. As at 31 December 2008, two of the PRC Companies had been acquired by China Railway Logistic Holdings Limited ("China Railway Logistic") which is an indirect wholly-owned subsidiary of Gofar.

Pursuant to the Convertible Bonds Subscription Agreement dated 17 March 2009 between Mr. Zhu Gongshan, Top Fast Holdings Limited, China Railway Logistic, Sharprise and Fast Sky, China Railway Logistic agreed to issue Convertible Bonds in the principal amount of not less than HK$391,937,000 and not more than HK$402,500,000 to finance the construction of the railway. A sum of HK$35,000,000 has been paid by the Group to China Railway Logistic as earnest money as at the date of approval of these financial statements.

BUSINESS REVIEW

In 2008, the Company focused on two primary objectives: the first one was the resumption of trading of the Company's shares, and the other was the continuous improvement of the Group's core business, waste incineration power generation.

During the beginning of 2008, the rising global commodity prices and the shortage of coal supply following the heavy snow in the PRC, caused the surge in coal prices and a significant impact on the turnover and the net profit of the Group. Since coal represented the principal operational cost of the Group's core business and the price of electricity was largely regulated by the PRC government, the fluctuation of coal price had a considerable effect on the Group's net profit.

In early 2008, the Company raised a significant amount of capital by the issue of 3,497,970,325 new shares in an aggregate amount of HK$174,898,518 (the "Share Subscription") and convertible bonds for HK$200,000,000 (the "Convertible Bonds Subscription"). This exercise substantially enhanced the Company's financial position to seek opportunities for growth and further development.

To enhance the Group's profitability, a new 12 megawatt power generator was installed and has been in operation since July 2008. The Company subsequently signed a new agreement with a local power grid company for additional supply of electricity to the grid in August 2008.

On 6 November, 2008, Sharprise entered into a memorandum of understanding (the "MOU") with Fast Sky to negotiate the terms of an investment of 49% equity interest in Gofar. Pursuant to the MOU, Fast Sky will procure the purchase by its subsidiary of equity interest in three PRC Companies, which will be engaged in the construction of a railway connecting Tangshan City and Chengde City, Hebei Province, the PRC, with a total length of approximately 121 kilometres (the "Zunxiao Railway"). Two of the PRC Companies have been approved by local authorities to carry out container and self-owned rail wagon chartering services.

The Directors consider that the investment on the Zunxiao Railway, having taken into account of its business prospect, is in the shareholders' interest. As such, the Purchaser used its best endeavour to negotiate with Fast Sky and managed to acquire a controlling stake of Gofar in their further negotiation.

PROSPECTS

The Company is continually seeking new development opportunities to enhance its shareholders' value.

During the Eleventh 5-Year Plan (2006-2010), the PRC government continues to support the railway industry by stating that 17,000 kilometres of railway will be built during the period. In October 2008, a RMB2 trillion railway investment budget was approved by the State Council of the PRC. In November, 2008, the PRC government announced a fiscal stimulus package with a total of RMB4 trillion, implemented up to 2010, and mainly invested in the infrastructure development such as railway, highways, and airports. Since the Company expected that the PRC government will continue to invest heavily on infrastructure to sustain the economic growth in the following years, the Company believes the investment in infrastructure as a good opportunity to enhance its shareholders' value.

Reference is made to the recent announcement of the Company dated 23 March 2009, the Company had entered into the SP Agreement with Fast Sky to acquire 70% issued share capital of Gofar. Through this acquisition the Group can now extend its existing conservational power business to railway construction and operation and thus, diversifying while intensifying its involvement in the development of infrastructure projects in the PRC which is currently the focal area for the PRC's capital commitment for economic growth and sustainability.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE PRACTICE

It is one of the continuing commitments of the Board and of the management of the Company to maintain high standards of corporate governance. The Company has adopted and applied the principles as set out in the Code on Corporate Governance Practices (the "SEHK Code") contained in Appendix 14 to the Listing Rules. The Company considers that effective corporate governance makes significant contribution to corporate success and enhancement of its shareholders' value.

Throughout the year ended 31 December 2008, the Company has complied with the SEHK Code, except for the following:

Code Provision A.4.1

The non-executive Director of the Company, during the year under review, does not have a specific term of appointment but is subject to retirement by rotation and re-election pursuant to the Articles of Association of the Company (the "Articles"). According to the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation 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. The main purpose of the audit committee is to review and provide supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive Directors of the Company. The written terms of reference of the audit committee comply with the Listing Rules, namely Code C.3.3 of Appendix 14 to the Listing Rules. The audit committee has reviewed and approved the financial statements for the year ended 31 December 2008.

By Order of the Board
CHINA SCIENCES CONSERVATIONAL POWER LIMITED
Liang Jun
Chairman

Hong Kong, 24 April 2009

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