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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

(I) THE ACQUISITION OF 30% INTEREST IN GOFAR HOLDINGS LIMITED AND VENDOR CB

(II) SUPPLEMENTAL CB SUBSCRIPTION AGREEMENT

AND

RESUMPTION OF TRADING

Financial Adviser to the Company

VEDA | CAPITAL
智略資本

SP AGREEMENT

The Board is pleased to announce that on 24 August 2009, the Purchaser, a wholly owned subsidiary of the Company, and the Vendor entered into the SP Agreement, pursuant to which the Purchaser agreed to acquire from the Vendor (i) the Sales Shares, representing the remaining 30% equity interest in Gofar; and (ii) the Vendor CB at a total consideration of HK$61.20 million. Subject to and in accordance with the terms and conditions of the SP Agreement, following the Completion, the Purchaser shall be the sole shareholder of Gofar.

SUPPLEMENTAL CB SUBSCRIPTION AGREEMENT

As announced on 23 March 2009, China Railway Logistic, the Purchaser, the Vendor, Mr. Zhu and Top Fast entered into the CB Subscription Agreement, pursuant to which the Purchaser shall subscribe for the Convertible Bonds in the amount of not less than HK$274,356,000 but not more than HK$281,750,000 and the Vendor shall subscribe for the Convertible Bonds in the amount of not less than HK$117,581,000 but not more than HK$120,750,000 respectively.

On 24 August 2009, China Railway Logistic, the Purchaser, the Vendor, Mr. Zhu and Top Fast entered into the Supplemental CB Subscription Agreement, pursuant to which the Purchaser shall subscribe for the Convertible Bonds for an aggregate amount of HK$321,750,000 and the Vendor shall subscribe for the Convertible Bonds for an aggregate amount of HK$80,750,000. The aggregate principal amount of the Convertible Bonds is fixed to be HK$402,500,000. Pursuant to the Supplemental CB Subscription Agreement, the Additional Subscription Money amounts to HK$40 million for the subscription of the Convertible Bonds.

IMPLICATIONS FROM THE LISTING RULES

The Vendor is a connected person of the Company by virtue of it being a substantial shareholder of Gofar, a non-wholly owned subsidiary of the Company, and the Acquisition therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition and the Supplemental CB Subscription Agreement in aggregate constitute a discloseable transaction of the Company under the Listing Rules. The Acquisition, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder will be subject to Independent Shareholders' approval at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, other than the Vendor, Mr. Zhu and their respective associates, no Shareholder have a material interest in the Acquisition, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder. Accordingly, other than the Vendor, Mr. Zhu and their respective associates, no Shareholder is required to abstain from voting to approve the Acquisition, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder at the EGM.

GENERAL

The EGM will be held to consider, and if thought fit, to pass the resolutions to approve the Acquisition, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder.

An independent board committee of the Company will be established to advise the Independent Shareholders in relation to the Acquisition, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder and an independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in respect of the Acquisition, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) further details of the Acquisition and the Supplemental CB Subscription Agreement; (ii) advice from an independent financial adviser in respect of the Acquisition, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder; and (iii) recommendation from the independent board committee of the Company in respect of the Acquisition, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder, together with the notice of EGM will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 25 August 2009 at the request of the Company pending the issue and publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 4 September 2009.

BACKGROUND

References are made to the Company's announcements dated 23 March 2009, 30 April 2009, 17 June 2009 and 18 June 2009 and the circular dated 29 June 2009 in respect of the Previous Acquisition and the CB Subscription Agreement. Under the Previous Acquisition, the Purchaser has acquired 70% equity interest in Gofar at the consideration of US$70. The Previous Acquisition was completed on 31 July 2009. Details of Gofar Group has been set out under the section headed "INFORMATION ON THE GOFAR GROUP" below.

SP AGREEMENT

Date: 24 August 2009

Parties:

Purchaser: Sharprise Holdings Limited, a wholly owned subsidiary of the Company

Vendor: Fast Sky Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. Zhu

The Vendor is an investment holding company and is interested in 30% of the issued share capital of Gofar of which the Purchaser is interested in as to 70%. As at the date of this announcement and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is interested in 118,750,000 Shares, representing approximately 1.27% of the total issued share capital of the Company as at the date of this announcement.

Assets to be acquired

Pursuant to the SP Agreement, the assets to be acquired by the Purchaser is (i) the Sale Shares, representing 30% of the issued share capital of Gofar; and (ii) the Vendor CB. Subject to and in accordance with the terms and conditions of the SP Agreement, following the Completion, the Purchaser shall be the sole shareholder of Gofar.

Consideration

The Consideration of HK$61.20 million shall be satisfied by the Purchaser by procuring the Company to issue 1,000,000,000 Consideration Shares at HK$0.0612 each upon Completion with the Lock Up Period of 12 months. The Consideration of HK$61.20 million was determined after arm's length negotiation between the Company and the Vendor with reference to the face value of the Vendor CB and the future prospects of the Gofar Group.

Consideration Shares

Pursuant to the SP Agreement, the Consideration Shares shall not be sold, pledged, encumbered or otherwise disposed by the Vendor during the Lock Up Period, which is 12 month period from the date of issue, unless with the written consent of the Purchaser. The price of HK$0.0612 per Consideration Share represents

- a discount of approximately 66.37% to the closing price of HK$0.182 per Share as quoted on the Stock Exchange on the Last Trading Day;

- a discount of approximately 62.22% to the average of the closing prices of approximately HK$0.162 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;

- a discount of approximately 61.27% to the average of the closing prices of approximately HK$0.158 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to and including the Last Trading Day; and

- a premium of approximately 61.05% over the net asset value per Share of approximately HK$0.038 based on the audited net asset of HK$356,279,000 of the Group as at 31 December 2008 and the existing issued share capital of the Company.

The price of HK$0.0612 per Consideration Share is determined upon arm's length negotiation with reference to the historical trading price of the Shares at the material time when the sale and purchase agreement for the Previous Acquisition was entered into between the Purchaser and the Vendor and the fact that the Consideration Shares shall not be sold, pledged, encumbered or otherwise disposed by the Vendor during the Lock Up Period.

The Consideration Shares represent approximately 10.69% of the existing issued share capital of the Company and approximately 9.66% of the issued share capital of the Company as enlarged by the Consideration Shares. Subject to the terms of the SP Agreement, the Consideration Shares, when allotted and issued shall rank pari passu in all respects with all other Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

The Consideration Shares will be allotted and issued under a specific mandate to be sought from the Independent Shareholders at the EGM. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions of the SP Agreement

Completion is conditional upon fulfillment of, inter alia, the following conditions:

(a) all necessary consents, confirmations, permits, approvals, licences and authorisations having been obtained from all relevant governmental, regulatory and other authorities, agencies and departments in Hong Kong (including but not limited to the Securities and Futures Commission and the Stock Exchange) in connection with the transactions contemplated under the SP Agreement, the implementation of and all other matters incidental to the SP Agreement;

(b) the passing by the Independent Shareholders at the EGM of the necessary resolutions approving the SP Agreement and other transactions contemplated in or incidental to the SP Agreement (if any) in accordance with the Listing Rules;

(c) all other necessary waivers, consents and approvals (if required) in relation to the Purchaser, its holding company(ies) and its (their) shareholders and directors from the relevant governmental or regulatory authorities in Hong Kong (including the Stock Exchange) and other applicable jurisdictions required for the SP Agreement and the transactions contemplated herein being obtained;

(d) all warranties remaining true and accurate as at Completion and the Vendor shall have performed or complied, in all material respects, with its covenants and agreements contained herein and required to be performed or complied with by the Vendor at or prior to the date of Completion; and

(e) the listing of, and permission to deal in the Consideration Shares having been obtained by the Company.

In the event that the above conditions are not fulfilled on the date falling six (6) months of the date of the SP Agreement or such other later date as may be agreed between the parties, the SP Agreement shall automatically terminate and none of the parties to the SP Agreement shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties under the SP Agreement (save for any antecedent breaches of the terms thereof).

Completion

Completion will take place within 7 business days after all the conditions have been fulfilled or waived (or such later date as the Vendor and the Purchaser may agree in writing prior to Completion).

Pursuant to the SP Agreement, the Vendor has represented, warranted and undertaken to the Purchaser that:

(i) on Completion, the Vendor shall deliver or procure to be delivered the Purchaser, among others, the Vendor CB up to an aggregate amount of HK$63.60 million, which represents the extent of the Vendor CB which has been subscribed to and/or exercised by the Vendor as at the date of the SP Agreement, together with all relevant documentation, including, but not limited to any instruments, certificates as well as transfer forms and all such documents as may be reasonably required for the Vendor to sell, transfer, convey and give good title to the Vendor CB up to an aggregate amount of HK$63.60 million; and

(ii) it shall subscribe for the remaining portion of the Vendor CB; that is, the Vendor CB up to an aggregate amount of HK$17.15 million, which represents the remaining balance of the entire Vendor CB further to that referred to (i) above, on or before 31st January 2010. At such point the Vendor has represented, warranted and undertaken to deliver to the Purchaser all the relevant documentation, including, but not limited to any instruments, certificates as well as transfer forms and all such documents as may be reasonably required for the Vendor to sell, transfer, convey and give good title to the Vendor CB up to an aggregate amount of HK$17.15 million. The Vendor does not provide any guarantee for the subscription for the remaining portion of the Vendor CB in the amount of HK$17.15 million.

SUPPLEMENTAL CB SUBSCRIPTION AGREEMENT

As announced on 23 March 2009, China Railway Logistic, the Purchaser, the Vendor, Mr. Zhu and Top Fast entered into the CB Subscription Agreement, pursuant to which the Purchaser shall subscribe for the Convertible Bonds in the amount of not less than HK$274,356,000 but not more than HK$281,750,000 and the Vendor shall subscribe for the Convertible Bonds in the amount of not less than HK$117,581,000 but not more than HK$120,750,000 respectively.

On 24 August 2009, China Railway Logistic, the Purchaser, the Vendor, Mr. Zhu and Top Fast entered into the Supplemental CB Subscription Agreement, pursuant to which the Purchaser shall subscribe for the Convertible Bonds for an aggregate amount of HK$321,750,000 and the Vendor shall subscribe for the Convertible Bonds for an aggregate amount of HK$80,750,000. The aggregate principal amount of the Convertible Bonds is fixed to be HK$402,500,000. Pursuant to the Supplemental CB Subscription Agreement, the Additional Subscription Money amounts to HK$40 million for the subscription of the Convertible Bonds.

Conditions of the Supplemental CB Subscription Agreement

The Supplemental CB Subscription Agreement is conditional upon and shall not become binding until the following conditions precedent are fulfilled:

(a) all necessary consents, confirmations, permits, approvals, licences and authorisations having been obtained from all relevant governmental, regulatory and other authorities, agencies and departments in Hong Kong (including but not limited to the Securities and Futures Commission and the Stock Exchange) in connection with the transactions contemplated under the Supplemental CB Subscription Agreement, the implementation of and all other matters incidental to the Supplemental CB Subscription Agreement;

(b) the passing by the Independent Shareholders at the EGM of the necessary resolutions approving the Supplemental CB Subscription Agreement and other transactions contemplated in or incidental to the Supplemental CB Subscription Agreement (if any) in accordance with the Listing Rules;

(c) all other necessary waivers, consents and approvals (if required) in relation to the Purchaser, its holding company(ies) and its (their) shareholders and directors from the relevant governmental or regulatory authorities in Hong Kong (including the Stock Exchange) and other applicable jurisdictions required for the Supplemental CB Subscription Agreement and the transactions contemplated therein being obtained; and

(d) fulfilment of conditions (a) to (d) as set out under the section headed "Conditions of the SP Agreement" above.

REASONS FOR THE SP AGREEMENT AND THE SUPPLEMENTAL CB SUBSCRIPTION AGREEMENT

The Group is principally engaged in municipal solid waste incineration and power generation businesses in the PRC. The Group, through the Previous Acquisition and the CB Subscription, extended its 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.

As indicated in the Group's 2008 annual report, the Company is continually seeking for new development opportunities to enhance its shareholders' value. Having considered that (i) the PRC government continues to support the railway industry by stating that 17,000 kilometres of railway will be built during the period of the Eleventh 5-Year Plan (2006-2010); (ii) a RMB2 trillion railway investment budget was approved by the State Council of the PRC in October 2008; (iii) power generation facilities and transportation infrastructure, including railways, highways and airports, are two of the ten key areas covered by the RMB4 trillion fiscal stimulus package pursuant to the State Council executive meeting on 5 November 2008, the Directors are of the view that Gofar Group will have an optimistic business prospect and the Acquisition represents a good opportunity to enhance the Shareholders' value.

In addition, as set out in the Company's circular dated 29 June 2009, the valuation of 100% equity interest in the Gofar Group as at 31 March 2009 was RMB2.06 billion (equivalent to approximately HK$2.34 billion) and hence 30% equity interest of Gofar Group is derived to be RMB618 million (equivalent to approximately HK$702 million). An updated valuation report on the Gofar Group will be included in the circular in respect of the Acquisition and the Supplemental CB Subscription Agreement to be dispatched to the Shareholders in compliance with the Listing Rules. The Total Commitment of approximately HK$101.20 million comprising the Consideration and the Additional Subscription Money for the Acquisition and the Supplemental CB Subscription Agreement hence represents a discount of approximately 85.58% to such derivable value.

Taking into the abovementioned factors, the Directors (excluding the independent non-executive Directors who will take into account of the advice from the independent financial adviser) consider the SP Agreement and the Supplemental CB Subscription Agreement and the terms thereof are fair and reasonable and in normal commercial terms. The Directors (excluding the independent non-executive Directors who will take into account of the advice from the independent financial adviser) consider that the SP Agreement and the Supplemental CB Subscription Agreement are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in the BVI with limited liability and is principally engaged in the business of investment holding. The principal businesses of its subsidiaries are railway construction, container and self-owned rail wagon chartering services. The cost incurred by the Vendor on the Sales Shares and the Vendor CB as at the date of the Agreement aggregate to approximately HK$63.6 million.

INFORMATION ON THE GOFAR GROUP

Gofar is a company incorporated in the BVI with limited liability. It owns the entire issued share capital of Top Fast, which in turn owns the entire issued share capital of China Railway Logistic. China Railway Logistic is the beneficial owner of 62.5% equity interest of each of Zunxiao Company and Kuanping Company and 51% equity interest of Tangcheng Company. Save as disclosed in this announcement, Gofar, Top Fast and China Railway Logistic have no other assets or liabilities of any materiality. Zunxiao Company, Kuanping Company and Tangcheng Company have been approved by the PRC governmental authorities to build and construct the rail track of the Zunxiao Railway.

Zunxiao Railway is a railway being constructed to connect Tangshan City (唐山市) and Chengde City (承德市), Hebei Province (河北省), the PRC with a total of approximately 121 kilometres starting from Zunhua South (遵化南), Tangshan City to Xiaosigou (小寺溝), Chengde City, Hebei Province, the PRC. Total investment of building and constructing the Zunxiao Railway is estimated to be approximately RMB1.6 billion. It is a single-track railway with 12 stations, using diesel traction trains. The speed of the trains will be 80 kilometres per hour and the maintenance of the Zunxiao Railway will be outsourced. Zunxiao Railway is nearby three major mining areas in northeastern part of the PRC and 17 mineral production complexes. Each mineral production complex is with capacity of over 1,000,000 tons per year. It is expected that the whole length of the Zunxiao Railway will commence operation in the third quarter of 2010, and the Gofar Group and the other shareholders of the PRC Subsidiaries will be responsible for the operation of the Zunxiao Railway.

After Zunxiao Railway starts operation, the railway distance of 530 kilometers between Zunhua (遵化) and Xiaogigou (小寺溝) will be shortened to 215 kilometers. Moreover, given the heavy demand on Zunxiao Railway, the senior management of the Company said that it may upgrade Zunxiao Railway from a single-track railway to a double-track railway and to become electrified in the future. With investment opportunities, the Company may further extend its business in railway operations, but it will not involve the operation of mass transportation.

Following completion of the Projects for constructing the Zunxiao Railway and obtaining all necessary permits from the PRC governmental authorities, the Gofar Group will be principally engaged in the business of container and self-owned rail wagon chartering services along the Zunxiao Railway through the PRC Subsidiaries. Zunxiao Railway is currently in the construction stage, and hence no turnover has been recognized by the PRC Subsidiaries since their respective establishments. The table below sets out the financial information of Gofar Group and the PRC Subsidiaries which is prepared in accordance with Hong Kong Financial Reporting Standards:

Gofar Group

	3 July 2008 (date of incorporation) to 31 December 2008 *RMB'000* *(Audited)*
Loss for the period	809

	As at 31 December 2008 *RMB'000* *(Audited)*
Net assets	27,067

Zunxiao Company

	For the year ended 31 December 2007 *RMB'000* *(Audited)*	**For the year ended 31 December 2008** *RMB'000* *(Audited)*
Net loss before and after taxation	661	1,841

	As at 31 December 2007 *RMB'000* *(Audited)*	**As at 31 December 2008** *RMB'000* *(Audited)*
Net asset	20,288	59,975

Zunxiao Company is a limited company incorporated in the PRC with registered share capital of RMB224,000,000.

Kuanping Company

	From 26 September 2008 (date of establishment) to 31 December 2008 *RMB'000* *(Audited)*
Net loss before and after taxation	53

	As at 31 December 2008 *RMB'000* *(Audited)*
Net asset	9,139

Kuanping Company is a limited company incorporated in the PRC with registered share capital of RMB129,000,000.

Tangcheng Company

	From 24 April 2007 (date of establishment) to 31 December 2007 *RMB'000* *(Audited)*	For the year ended 31 December 2008 *RMB'000* *(Audited)*
Net loss before and after taxation	1,295	1,865

	As at 31 December 2007 *RMB'000* *(Audited)*	As at 31 December 2008 *RMB'000* *(Audited)*
Net asset	123,705	121,840

Tangcheng Company is a limited company incorporated in the PRC with registered share capital of RMB125,000,000.

Upon Completion, Gofar will become a wholly owned subsidiary of the Group.

SHAREHOLDING STRUCTURE OF THE COMPANY

	Existing shareholdings (Number of Shares)	%	Shareholdings immediately after the issue of the Conversion Shares (Number of Shares)	%
King Castle Enterprises Limited *(Note 1)*	3,497,970,325	37.38	3,497,970,325	33.77
Delight Assets Management Limited *(Note 1)*	295,000,000	3.15	295,000,000	2.85
Liang Jun *(Note 2)*	2,000,000	0.02	2,000,000	0.02
Vendor	118,750,000	1.27	1,118,750,000	10.80
Public Shareholders	5,443,306,775	58.18	5,443,306,775	52.56
Total	9,357,027,100	100.00	10,357,027,100	100.00

Notes:

1. King Castle Enterprises Limited and Delight Assets Management Limited are wholly owned by Mr. Ko Fong.

2. Mr. Liang Jun is the executive Director and chairman of the Company.

IMPLICATIONS FROM THE LISTING RULES

The Vendor is a connected person of the Company by virtue of it being a substantial shareholder of Gofar, a non-wholly owned subsidiary of the Company, and the Acquisition therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition and the Supplemental CB Subscription Agreement in aggregate constitute a discloseable transaction of the Company under the Listing Rules. The Acquisition, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder, will be subject to Independent Shareholders' approval at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, other than the Vendor, Mr. Zhu and their respective associates, no Shareholder have a material interest in the Acquisition, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder. Accordingly, other than the Vendor, Mr. Zhu and their respective associates, no Shareholder is required to abstain from voting to approve the Acquisition, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder at the EGM.

GENERAL

The EGM will be held to consider, and if thought fit, to pass the resolutions to approve the Acquisition, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder.

An independent board committee of the Company will be established to advise the Independent Shareholders in relation to the Acquisition, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder and an independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in these respects.

A circular containing, amongst other things, (i) further details of the Acquisition and the Supplemental CB Subscription Agreement; (ii) advice from an independent financial adviser in respect of the Acquisition, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder; and (iii) recommendation from the independent board committee of the Company in respect of the Acquisition, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder, together with the notice of EGM will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 25 August 2009 at the request of the Company pending the issue and publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 4 September 2009.

DEFINITIONS

The following words and phrases used in this announcement have the following meaning:

"Acquisition"	the acquisition by the Company from the Vendor of the Sales Shares and the Vendor CB pursuant to the SP Agreement
"Additional Subscription Money"	being the additional subscription money of HK$40 million by the Purchaser for the subscription of the Convertible Bonds pursuant to the Supplemental CB Subscription Agreement
"associate"	has the meaning ascribed to it in the Listing Rules
"Board"	board of Directors
"BVI"	British Virgin Islands
"CB Subscription"	the subscription of the Convertible Bonds by the Purchaser and the Vendor pursuant to the CB Subscription Agreement and the Supplemental CB Subscription Agreement
"CB Subscription Agreement"	the subscription agreement entered by China Railway Logistic, the Purchaser, the Vendor, Mr. Zhu and Top Fast on 17 March 2009
"China Railway Logistic"	China Railway Logistic Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of Gofar
"Company"	China Sciences Conservational Power Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Stock Exchange

"Completion"	completion of the SP Agreement in accordance with the terms thereof
"Consideration"	consideration for the Acquisition, being HK$61.20 million
"Consideration Shares"	1,000,000,000 new Shares to be issued as the Consideration pursuant to the SP Agreement
"Convertible Bonds "	the convertible bonds in aggregate principal amount of HK$402.50 million to be issued by China Railway Logistic
"Directors"	directors of the Company
"EGM"	the extraordinary general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving by the Independent Shareholders, amongst other things, the SP Agreement, the Supplemental CB Subscription Agreement and the transactions contemplated thereunder
"Gofar"	Gofar Holdings Limited, a company incorporated in the BVI with limited liability and is an investment holding company
"Gofar Group"	Gofar, its wholly-owned subsidiaries, Top Fast and China Railway Logistic, and its non-wholly owned subsidiaries, Zunxiao Company, Kuanping Company and Tangcheng Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Shareholders"	Shareholders other than the Vendor, Mr. Zhu and their respective associates
"Kuanping Company"	承德寬平鐵路有限公司 (Chengde Kuanping Railway Limited*), a company incorporated in the PRC and 62.5% equity interest of which is owned by China Railway Logistic
"Last Trading Day"	24 August 2009, being the last trading date before the date of this announcement
"Listing Rules"	the Rules Governing the Listing Securities on the Stock Exchange
"Lock Up Period"	12 months period during which the Consideration Shares issued to the Vendor shall not be sold, pledged, encumbered or otherwise disposed by the Vendor unless with the written consent of the Purchaser
"Mr. Zhu"	Mr. Zhu Gongshan, being the sole shareholder of the Vendor
"Previous Acquisition"	the previous acquisition of the 70% equity interest in Gofar Group by the Purchaser (details of such previous acquisition has been set out in the Company's announcement dated 23 March 2009 and the circular dated 29 June 2009)

"PRC"	the People's Republic of China, which, for the purposes of this announcement only, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
"PRC Subsidiaries"	Zunxiao Company, Kuanping Company and Tangcheng Company and each a "PRC Subsidiary"
"Projects"	the railway projects of Zunxiao Railway comprising construction of three parts of rail track and each PRC Subsidiary has been approved to construct one part of the Zunxiao Railway, and the container and self-owned rail wagon chartering services approved to be operated by Zunxiao Company, Kuanping Company and Tangcheng Company;
"Purchaser"	Sharprise Holdings Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	a total of 30 ordinary shares of Gofar, representing 30% of the issued share capital of Gofar
"Share(s)"	existing ordinary share(s) of HK$0.01 each in the capital of the Company and a "Share" shall be construed accordingly
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SP Agreement"	the agreement dated 24 August 2009 entered into by the Company and the Vendor in relation to the Acquisition
"Supplemental CB Subscription Agreement"	the supplemental agreement to the CB Subscription Agreement entered on 24 August 2009 by China Railway Logistic, the Purchaser, the Vendor, Mr. Zhu and Top Fast, pursuant to which the Purchaser shall subscribe for the Convertible Bonds for an aggregate amount of HK$321,750,000 and the Vendor shall subscribe for the Convertible Bonds for an aggregate amount of HK$80,750,000
"Tangcheng Company"	唐山唐承鐵路運輸有限責任公司 (Tangshan Tangcheng Railway Transportation Company Limited*), a company incorporated in the PRC and 51% equity interest of which is owned by China Railway Logistic
"Total Commitment"	the Consideration and the Additional Subscription Money
"Top Fast"	Top Fast Holdings Limited, a company incorporated in the BVI and a wholly-owned subsidiary of Gofar
"Vendor"	Fast Sky Holdings Limited, a company incorporated in the BVI and is wholly-owned by Mr. Zhu

"Vendor CB"	the Convertible Bonds in aggregate principal amount of HK$80.75 million have been/to be subscribed by the Vendor pursuant to the Supplemental CB Subscription Agreement
"Zunxiao Company"	承德遵小鐵路有限公司 (Chengde Zunxiao Railway Limited*), a company incorporated in the PRC and 62.5% equity interest of which is owned by China Railway Logistic
"Zunxiao Railway"	a railway of approximately 121 kilometers being constructed to connect Zunhua South (遵化南), Tangshan City to Xiaosigou (小寺溝), Chengde City, Hebei Province (河北省), the PRC
"%" or "per cent"	percentage

For the purpose of illustration only and unless otherwise stated, the translation of HK$1 = RMB0.88.

On behalf of the Board
China Sciences Conservational Power Limited
Liang Jun
Chairman

3 September 2009, Hong Kong

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

** For identification purposes only*