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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

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

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

		Six months ended 30 September	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(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

	Notes	30 September 2007 HK$'000 (unaudited)	31 March 2007 HK$'000 (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

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.

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 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*	**Consolidated** *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)**

	Unaudited					
	For the six months ended 30 September 2006					
	Electrical engineering contracting	Sale of electrical goods	Securities brokerage and financing	Sea freight forwarding services	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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$'000	*HK$'000*
	(unaudited)	(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.

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

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).

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 *(note (a))*	**60,800**	60,800
Listed investments, at cost *(note (b))*	**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	31 March 2007
	HK$'000	*HK$'000*
	(unaudited)	(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.

14. Progress payments receivable

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

	30 September 2007	31 March 2007
	HK$'000	*HK$'000*
	(unaudited)	(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 *(Note)*	**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.

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		
Authorised:		
Balance as at 1 April 2006, 31 March 2007 and 30 September 2007	1,000,000,000	100,000
Issued and fully paid:		
Balance as at 1 April 2006, 31 March 2007 and 30 September 2007	464,070,000	46,407

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 a 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.

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 oversea. As at 30 September 2007, the Group had no outstanding forward foreign exchange contracts on hand.

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.

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.

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.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (www.290.com.hk) and the Stock Exchange (www.hkex.com.hk) respectively. The 2007 Interim Report will be despatched to the shareholders of the Company and available on the same websites in due course.

By order of the Board
CHINA CONSERVATIONAL POWER HOLDINGS LIMITED
Ng Cheuk Fan, Keith
Managing Director

Hong Kong, 19 December 2007

As at the date hereof, the Board consists of three Executive Directors, namely, Mr. Sun Tak Yan, Desmond (Chairman), Mr. Ng Cheuk Fan, Keith (Managing Director) and Mr. Yeung Kwok Leung; and three Independent Non-executive Directors, namely Mr. Tam B Ray Billy, Mr. Ng Kay Kwok and Mr. Lam Ka Wai, Graham.