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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

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 six months ended 30 June 2007, together with the comparative figures for the previous corresponding period prepared in accordance with generally accepted accounting principles in Hong Kong as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

		For the six months ended 30 June	
		2007	2006
	Note	***HK$'000***	*HK$'000*
Turnover	*3*	**37,707**	32,714
Cost of sales		**(40,812)**	(34,232)
Gross loss		**(3,105)**	(1,518)
Other revenue		**4,688**	1,095
Administrative expenses		**(15,787)**	(19,064)
Provision for impairment of trade and other receivables		**(11,993)**	(57)
Loss from operations	*5*	**(26,197)**	(19,544)
Finance costs		**(12,173)**	(3,589)
Loss before taxation		**(38,370)**	(23,133)
Income tax	*6*	**—**	—
Loss after taxation		**(38,370)**	(23,133)
Attributable to:			
Equity holders of the Company		**(35,433)**	(22,423)
Minority interests		**(2,937)**	(710)
		(38,370)	(23,133)
Dividends	*10*	**—**	—
Loss per share			
— Basic	7	**(3.06) cents**	(1.94) cents
— Diluted	7	**N/A**	N/A

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2007

	Note	At 30 June 2007 HK$'000	At 31 December 2006 HK$'000
Assets and liabilities			
Non-current assets			
Property, plant and equipment		**331,707**	265,259
Land use rights		**4,316**	4,220
Construction in progress		**7,285**	92,572
Goodwill		**24,670**	23,916
		367,978	385,967
Current assets			
Inventories		**561**	489
Trade and other receivables	*8*	**29,035**	23,547
Amount due from a director		**—**	500
Investments held for trading		**—**	76
Pledged bank deposits		**15,419**	14,948
Bank balances and cash		**6,222**	7,666
		51,237	47,226
Current liabilities			
Trade and other payables	*9*	**47,246**	41,857
Convertible notes		**21,454**	20,604
Amount due to a minority shareholder		**929**	901
		69,629	63,362
Net current liabilities		**(18,392)**	(16,136)
Total assets less current liabilities		**349,586**	369,831
Non-current liabilities			
Bank loans		**242,070**	229,195
Convertible preference shares		**54,603**	51,745
		(296,673)	(280,940)
Net assets		**52,913**	88,891
Equity			
Share capital		**11,570**	11,570
Reserves		**34,692**	67,989
Equity attributable to equity holders of the Company		**46,262**	79,559
Minority interests		**6,651**	9,332
Total equity		**52,913**	88,891

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 Room 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. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of 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.

(b) Basis of preparation of financial statements

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

(c) In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2007. The adoption of these new and revised Standards and Interpretations did not result in substantial changes to the Group's accounting policies nor have affected the amounts reported for the current period or prior years. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial instruments: Disclosure and presentation.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in respect of the financial instruments.

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

		Effective for annual periods beginning on or after
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions	1 March 2007
HK(IFRIC) — Int 12	Service concession arrangements	1 January 2008

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 initial application.

3. TURNOVER

Turnover represents the amount received and receivable for goods sold to outside customers, less returns and allowances, waste incineration power generation income and service income for the period, and is analysed as follows:

	For the six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Waste incineration power generation income	**37,707**	1,051
Sale of computer hardware and maintenance support services	**—**	31,352
Software design and development	**—**	311
	37,707	32,714

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

For management purposes, the Group is currently organised into three operating divisions: i) waste incineration power generation business; ii) computer hardware and provision of maintenance support services; and iii) provision of software design and development. These divisions are the bases on which the Group reports its primary segment information.

The principal activities of the divisions are as follows:

Waste incineration power generation business	—	Waste incineration, processing and power generation business in the PRC
Computer hardware and maintenance support services	—	Sale of computer hardware and provision of maintenance support services
Software design and development	—	E-commerce consultancy, software development, system integration, website design and sale of software

There were no sales or other transactions between the business segments.

For the six months ended 30 June 2007 and as at 30 June 2007

	Waste incineration power generation business *HK$'000*	Computer hardware and maintenance support services *HK$'000*	Software design and development *HK$'000*	Consolidated *HK$'000*
Turnover	37,707	—	—	37,707
Segment results	(20,909)	(8)	(21)	(20,938)
Net investment gain				141
Unallocated corporate income and expenses (net)				(5,400)
Loss from operations				(26,197)
Finance costs				(12,173)
Loss before taxation				(38,370)
Income tax				—
Loss for the period				(38,370)
Minority interests				2,937
Loss for the period attributable to equity holders of the Company				(35,433)
Segment assets	400,504	14	71	400,589
Unallocated corporate assets				18,626
Consolidated total assets				419,215
Segment liabilities	283,928	2,469	453	286,850
Unallocated corporate liabilities				79,452
Consolidated total liabilities				366,302
Capital expenditure	7,347	—	—	
Depreciation and amortisation	13,513	—	13	
Provision for impairment of trade and other receivables	11,993	—	—	

For the six months ended 30 June 2006 and as at 30 June 2006

	Waste incineration power generation business *HK$'000*	Computer hardware and maintenance support services *HK$'000*	Software design and development *HK$'000*	Consolidated *HK$'000*
Turnover	1,051	31,352	311	32,714
Segment results	(7,141)	(490)	(604)	(8,235)
Net investment gain				406
Unallocated corporate income and expenses (net)				(11,715)
Loss from operations				(19,544)
Finance costs				(3,589)
Loss before taxation				(23,133)
Income tax				—
Loss for the period				(23,133)
Minority interests				710
Loss for the period attributable to equity holders of the Company				(22,423)
Segment assets	387,266	38	106	387,410
Unallocated corporate assets				38,592
Consolidated total assets				426,002
Segment liabilities	253,351	2,469	428	256,248
Unallocated corporate liabilities				74,125
Consolidated total liabilities				330,373
Capital expenditure	22,185	—	6	
Depreciation and amortisation	79	—	45	
Provision for impairment of trade and other receivables	—	—	57	
Bad debts written off	—	—	59	

(b) Geographical segments

In presenting information on the basis of geographical segments, segment revenues are based on the geographical location of customers. There were no sales between the geographical segments. Carrying amounts of segment assets and additions to property, plant and equipment, land use rights and construction in progress are based on the geographical location of the assets.

	Segment revenues		Carrying amount of segment assets		Additions to property plant and equipment, land use rights and construction in progress	
	Six months ended 30 June		At 30 June		Six months ended 30 June	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**—**	24,896	**8,266**	29,139	**—**	47
Other regions of PRC	**37,707**	4,399	**410,949**	396,863	**7,347**	25,596
Russia	**—**	—	**—**	—	**—**	—
Taiwan	**—**	1,194	**—**	—	**—**	—
Others	**—**	2,225	**—**	—	**—**	—
	37,707	32,714	**419,215**	426,002	**7,347**	25,643

5. LOSS FROM OPERATIONS

	For the six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Loss from operations has been arrived at after charging/(crediting):—		
Depreciation and amortisation of property, plant and equipment	**13,843**	476
Amortisation of land use rights	**37**	6
Auditor's remuneration	**653**	255
Loss on disposal of property, plant and equipment	**38**	117
Bad debts written off	**—**	59
Provision for impairment of trade and other receivables	**11,993**	57
Exchange gain	**(2,304)**	(652)
Cost of inventories expensed	**23,280**	34,232
Operating lease rentals in respect of equipment	**26**	41
Operating lease rentals in respect of land and buildings	**746**	1,005
Staff costs, including directors' remuneration		
— Salaries, wages and other benefits	**7,425**	10,696
— Contributions to defined contribution retirement scheme	**297**	157
	7,722	10,853

6. INCOME TAX

(a) Hong Kong profits tax is calculated at 17.5% (2006: 17.5%) on the estimated assessable profit for the period. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

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 six months ended 30 June 2007 (2006: Nil).

No provision for PRC enterprise income tax has been made in the financial statements as the companies operating in the PRC had no assessable profit for the six months ended 30 June 2007 (2006: Nil).

(b) The taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the enacted tax rate of the Company as follows:

	For the six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Loss before taxation	**(38,370)**	(23,133)
Calculated at the tax rate of 17.5%	**(6,715)**	(4,049)
Tax effect of expenses not deductible for taxation purpose	**6,010**	2,652
Tax effect of non-taxable items	**(85)**	(64)
Tax effect of unrecognised tax losses and temporary differences	**790**	1,461
Taxation charge	**—**	—

7. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 June 2007 is based on the loss attributable to equity holders of the Company for the six months ended 30 June 2007 of approximately HK$35,433,000 (six months ended 30 June 2006: loss attributable to equity holders of the Company of approximately HK$22,423,000) and on 1,157,027,100 ordinary shares (six months ended 30 June 2006: 1,157,027,100 ordinary shares) in issue during the period.

Diluted loss per share has not been presented for both periods as the potential dilutive ordinary shares resulting from the exercise of the Company's outstanding share options, convertible notes and convertible preference shares are anti-dilutive.

8. TRADE AND OTHER RECEIVABLES

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		The Company	
	30 June 2007	31 December 2006	**30 June 2007**	31 December 2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables				
Current and up to 30 days	**10,969**	6,798	**—**	—
Other receivables (net of provision)	**18,066**	16,749	**3,882**	5,518
	29,035	23,547	**3,882**	5,518

9. TRADE AND OTHER PAYABLES

	The Group		The Company	
	30 June 2007	31 December 2006	**30 June 2007**	31 December 2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current and up to 30 days	**6,673**	4,900	**—**	—
31 to 60 days	**—**	—	**—**	—
61 to 90 days	**—**	—	**—**	—
Over 90 days	**2,448**	2,448	**—**	—
Total trade payables	**9,121**	7,348	**—**	—
Other payables (Note)	**38,125**	34,509	**2,950**	2,728
	47,246	41,857	**2,950**	2,728

Note: Included in other payables as at 30 June 2007 is an amount due to a former director, Mr. Chan Tat Chee, amounting to HK$15,000 (At 31 December 2006: HK$15,000). The amount due represented operating expenses paid by the director on behalf of the Group, the terms of which are unsecured, interest-free and have no fixed repayment terms.

10. DIVIDENDS

No dividend has been paid or declared by the Company during the six-month period ended 30 June 2007 (six months ended 30 June 2006: Nil).

The directors do not recommend the payment of dividend during the period.

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 period.

BUSINESS REVIEW

The main focus over the six months under review was improving the operation of the Group's core business, waste incineration, processing and power generation, in Dongguan, People's Republic of China, and the ongoing preparation for the resumption of trading of Company shares. The Dongguan Phase I waste-to-energy power plant began commercial operation in January 2007 and its opening ceremony enjoyed the attendance of local officials from the Dongguan government as well as other distinguished guests. The waste-to-energy power plant is one of the biggest of its kind processing up to 1000 tonnes of municipal solid waste on a daily basis. The Company began planning an expansion to the Phase I by increasing its total output capacity which is currently 30MW to 42MW. The successful implementation will provide additional turnover and operational efficiency for the Group.

Given the Group's new orientation towards the waste-to-energy industry and away from its 'computer hardware and maintenance support services' and 'software design and development' businesses, the new orientation reflected itself on the financial statements for the period under review as the figures were compared with their previous corresponding period.

CORPORATE GOVERNANCE PRACTICE

It is one of the key 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 contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "SEHK Code"). The Company considers that effective corporate governance makes significant contribution to corporate success and enhancement of shareholder value.

Throughout the period of the six months ended 30 June 2007, the Company has complied with the SEHK Code, except for the following deviations:

Code Provision A.2.1

The roles of the chairman and the chief executive officer ("CEO") were not segregated during Mr. Tse On Kin's ("Mr. Tse") term of appointment as chairman of the Company from 10 March 2006 to 31 March 2007. Mr. Liang Jun ("Mr. Liang") assumed both roles of chairman and CEO from 1 April 2007 and ceased to be the CEO from 15 June 2007, as the position was taken up by Mr. Chan Wai Ming ("Mr. Chan") on the same date. As at the date of this announcement, the two roles continued to be separated and segregated.

Given the extensive experience of Mr. Tse as well as the Company's stage of progress during the period under review, it was considered unnecessary to appoint a CEO in Mr. Tse's term of office as chairman. The Company appointed Mr. Chan as the CEO at the earliest possible time in Mr. Liang's term of appointment as chairman to improve its corporate governance practice.

Code Provision A.4.1

All existing non-executive directors during the period under review do not have a specific term of appointment but are subject to retirement by rotation and re-election pursuant to the Articles of Association ("Articles") of the Company. However, a resolution will be proposed at the forthcoming extraordinary general meeting to be held on 29 January 2008 to amend the Articles such that 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.

These financial results have been reviewed and approved by the audit committee of the Company and audited by an external auditor. Subsequent to the publishing of the delayed 2005 annual results on 3 December 2007 and the delayed 2006 interim and annual results on 17 December 2007, the delayed 2007 interim results are then published herein at the earliest practicable time. The 2007 interim report will also be despatched to shareholders of the Company at the earliest practicable time.

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

Hong Kong, 3 January 2008

As at the date of this announcement, the executive directors of the Company are Mr. Liang Jun (Chairman), Mr. Chan Wai Ming and Mr. Chan Ka Fat; the non-executive directors of the Company are His Royal Highness Prince Idris Abdallah Al-Senussi, Mr. Alan Grant Quasha and Mr. Tse On Kin; and the independent non-executive directors of the Company are Mr. Chan Chi Yuen, Mr. Zhang Xi and Mr. Tsang Kwok Wa.