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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

The Board of Directors (the "Board") of China Conservational Power Holdings Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008 together with the comparative figures for the previous year are as follows:–

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March

	Notes	2008 HK$'000	2007 HK$'000
Turnover	3	**12,355**	6,504
Cost of sales		**(4,944)**	(3,711)
Gross profit		**7,411**	2,793
Reversal of impairment loss on investment deposits	17	**8,000**	–
Reversal of/(charge for) provision for doubtful debts		**699**	(1,684)
Other income	5	**1,056**	250
Administrative expenses		**(18,638)**	(20,420)
Loss from operations		**(1,472)**	(19,061)
Finance costs	6	**(4,093)**	(2,573)
(Loss)/gain on disposal of subsidiaries	7	**(262)**	9,196
Loss before taxation	8	**(5,827)**	(12,438)
Taxation	9	**–**	(792)
Loss for the year attributable to equity holders of the Company		**(5,827)**	(13,230)
Dividends	10	**–**	–
Loss per share – basic	11	**(1.3 cents)**	(2.9 cents)

CONSOLIDATED BALANCE SHEET
As at 31 March

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**425**	954
Intangible assets		**–**	–
Other non-current assets		**240**	205
Associates		**–**	–
Jointly-controlled entity		**–**	–
		665	1,159
Current assets			
Investments held for trading	*12*	**38,784**	38,816
Inventories – finished goods		**–**	213
Accounts receivable	*13*	**10,303**	9,504
Progress payment receivables	*14*	**1**	1,417
Other receivables, deposits and prepayments		**515**	800
Retention money receivables	*15*	**375**	1,773
Loans receivable	*16*	**–**	–
Investment deposits	*17*	**–**	–
Amounts due from related companies		**25**	51
Amount due from a director		**426**	–
Pledged bank deposits		**2,196**	2,134
Cash and cash equivalents	*18*	**26,530**	7,284
		79,155	61,992
Current liabilities			
Bank overdraft (secured)	*19*	**1,963**	1,926
Other borrowings (unsecured)	*20*	**29,735**	14,113
Accounts payable, other payables and accrued charges	*21*	**24,511**	15,874
Retention money payables	*22*	**958**	1,252
Loans payable		**–**	687
Amount due to a related company		**890**	890
Amount due to a director		**–**	529
Obligations under finance leases		**290**	290
Taxation payable		**258**	258
		58,605	35,819
Net current assets		**20,550**	26,173
Total assets less current liabilities		**21,215**	27,332

	Notes	**2008**	2007
		HK$'000	*HK$'000*
Total assets less current liabilities		**21,215**	27,332
Non-current liabilities			
Obligations under finance leases		**179**	469
Deferred taxation		**–**	–
		179	469
Net assets		**21,036**	26,863
EQUITY			
Share capital		**46,407**	46,407
Reserves		**(25,371)**	(19,544)
Total equity		**21,036**	26,863

Notes:

1. **Basis of preparation of financial statements and material uncertainties in respect of going concern**

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

(ii) HKAS 1 "Presentation of Financial Statements" requires management to make an assessment of an entity's ability to continue as a going concern in preparing financial statements, and when management is aware, in making this assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, management is required to disclose these uncertainties.

In preparing these financial statements, the Directors are aware of the following conditions and uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern:

- The Group incurred a loss of HK$5,827,000 for the year ended 31 March 2008 and had accumulated losses of HK$275,150,000 as at 31 March 2008.

- The Group had net current assets of HK$20,550,000 and net assets of HK$21,036,000 as at 31 March 2008. However, a significant proportion of the Group's net current assets and net assets is the Group's investments held for trading (comprising both Preference Shares and Ordinary Shares) in China Science Conservational Power Limited ("CSCPL"), the details of which are set forth in Note 12 to the financial statements. CSCPL is a company listed on the Stock Exchange but the trading of its Ordinary Shares on the Stock Exchange has been suspended since 29 September 2005. The investment in the CSCPL Preference Shares was valued by the Directors at HK$36,000,000 as at 31 March 2008 after deducting an impairment loss of HK$24,800,000, with reference to a valuation of the fair value of the investment carried out by a professional firm of independent valuers as at 31 March 2006. The professional valuation assumed, inter alia, that CSCPL will be able to continue to carry on business as a going concern. The investment in the CSCPL Ordinary Shares was valued by the Directors at HK$2,756,000 as at 31 March 2008 after deducting an impairment loss of HK$2,944,000 estimated by the Directors.

  As set out in Note 12 to the financial statements, the Company has served notice with CSCPL to redeem the CSCPL Preference Shares in full. The recoverability of the final amount of the CSCPL Preference Shares redemption proceeds from CSCPL is uncertain as it is dependent upon CSCPL's financial position which is largely affected by the outcome of CSCPL's application to resume trading of its ordinary shares on the Stock Exchange so that it can proceed with various financing transactions to raise cash. The Group's ability to dispose of its investment in the CSCPL Ordinary Shares is also subject to the abovementioned uncertainty.

Despite the above conditions and the existence of the above uncertainties on the recovery of the CSCPL Preference Shares redemption proceeds and the ability to dispose of the CSCPL Ordinary Shares, which indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern, the Directors have prepared these financial statements on the assumption that the Group will continue as a going concern. The Directors are of the view that it is appropriate for these financial statements to be prepared on a going concern basis on the basis of the following:

- the Directors' critical assessment of CSCPL's ability to proceed with various financing transactions to raise cash to repay the CSCPL Preference Shares redemption proceeds to the Company.

- the Directors' critical assessment of the outcome of the Company's fund raising exercise. As set out in the Company's circular dated 30 June 2008 and Note 23 to the financial statements, the Company had entered into a placing agreement on 27 February 2008 as amended on 30 May 2008 for the placing of convertible bonds of principal amount of HK$50 million with zero coupon rate due in three years from the date of issue to provide funds for the repayment of the Group's outstanding indebtedness, expansion of the margin financing business and general working capital. The placing is conditional upon, inter alia, the resumption of trading of the Company's shares on the Stock Exchange. The Directors confirm that they are working closely with the Stock Exchange and all the professional advisers on its application for a resumption of trading of its shares on the Stock Exchange.

- after the year end, as set out in Notes 20 and 23 to the financial statements, a lender has renewed the interest bearing loans of HK$10 million and HK$12 million outstanding as at 31 March 2008 to 25 May 2009 and 15 June 2009 respectively, on similar terms and conditions. This lender has also agreed in principle to extend the loan facilities to the Group beyond June 2009 in the event that the placing of the convertible bonds does not materialise.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the values of the assets to their immediate recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in these financial statements.

2. Adoption of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, 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.

The impact of the adoption of HKFRS 7 "Financial Instruments: Disclosures" and HKAS 1 Amendment: "Capital Disclosures" has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of financial statements	1 January 2009
HKAS 23 (Revised)	Borrowing costs	1 January 2009
HKAS 27 (Revised)	Consolidated and separate financial statements	1 July 2009
HKASs 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation	1 January 2009
HKFRS 2 (Amendment)	Share-based payment-vesting conditions and cancellation	1 January 2009
HKFRS 3 (Revised)	Business combinations	1 July 2009
HKFRS 8	Operating segments	1 January 2009
HK(IFRIC) – Int 12	Service concession arrangements	1 January 2008
HK(IFRIC) – Int 13	Customer loyalty programmes	1 July 2008
HK(IFRIC) – Int 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008

The Group has not early adopted any of these new or revised standards and interpretations, and 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 represents:

	2008	2007
	HK$'000	*HK$'000*
Electrical engineering contracting – value of contract work	**2,809**	2,934
Brokerage income from securities dealings	**6,636**	1,519
Sale of electrical goods	**1,621**	1,430
Margin interest from securities brokerage business	**1,289**	618
Interest income from unsecured loans	**–**	3
	12,355	6,504

No income is accrued on the impaired investments held for trading during the years ended 31 March 2008 and 2007.

4. Business and geographical segments

(a) Business segments

For management purposes, the Group is currently organised into three operating divisions. These divisions are the basis on which the Group reports its primary segment information. The principal activities are as follows:

(i) Electrical engineering contracting

(ii) Sale of electrical goods

(iii) Securities brokerage and financing

	Electrical engineering contracting *HK$'000*	Sale of electrical goods *HK$'000*	Securities brokerage and financing *HK$'000*	Consolidated *HK$'000*
For the year ended 31 March 2008				
Turnover				
External sales	**2,809**	**1,621**	**7,925**	**12,355**
Results				
Segment results/(loss)	**(3,904)**	**(140)**	**1,064**	**(2,980)**
Unallocated operating income and expenses				**1,508**
Loss from operations				**(1,472)**
Finance costs				**(4,093)**
Loss on disposal of subsidiaries				**(262)**
Loss before taxation				**(5,827)**
Taxation				**–**
Loss for the year				**(5,827)**

	Electrical engineering contracting *HK$'000*	Sale of electrical goods *HK$'000*	Securities brokerage and financing *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
As at 31 March 2008					
Assets					
Segment assets	**2,686**	**655**	**36,006**	**–**	**39,347**
Unallocated corporate assets					**40,473**
Consolidated total assets					**79,820**
Liabilities					
Segment liabilities	**16,923**	**1,671**	**20,632**	**–**	**39,226**
Unallocated corporate liabilities					**19,558**
Consolidated total liabilities					**58,784**
Other information					
Additions to property, plant and equipment	**14**	**–**	**–**	**897**	**911**
Depreciation of property, plant and equipment	**8**	**63**	**74**	**463**	**608**
Bad debts written off	**–**	**24**	**10**	**–**	**34**

	Electrical engineering contracting *HK$'000*	Sale of electrical goods *HK$'000*	Securities brokerage and financing *HK$'000*	Sea freight forwarding and others *HK$'000*	Consolidated *HK$'000*
For the year ended 31 March 2007					
Turnover					
External sales	2,934	1,430	2,140	–	6,504
Results					
Segment results/(loss)	(4,153)	(3,861)	(2,393)	(160)	(10,567)
Unallocated operating income and expenses					(8,494)
Loss from operations					(19,061)
Finance costs					(2,573)
Gain on disposal of subsidiaries					9,196
Loss before taxation					(12,438)
Taxation					(792)
Loss for the year					(13,230)

	Electrical engineering contracting *HK$'000*	Sale of electrical goods *HK$'000*	Securities brokerage and financing *HK$'000*	Sea freight forwarding and others *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
As at 31 March 2007						
Assets						
Segment assets	5,587	1,427	14,480	13	–	21,507
Unallocated corporate assets						41,644
Consolidated total assets						63,151
Liabilities						
Segment liabilities	8,747	2,533	6,451	99	–	17,830
Unallocated corporate liabilities						18,458
Consolidated total liabilities						36,288
Other information						
Additions to property, plant and equipment	11	250	39	–	–	300
Amortisation of trading right	–	–	251	–	–	251
Depreciation of property, plant and equipment	73	86	188	6	565	918
(Gain)/loss on disposal of property, plant and equipment	–	(92)	–	–	156	64
Provision for doubtful debts	145	1,336	82	7	114	1,684

(b) Geographical segments

The Group's electrical engineering contracting, sale of electrical goods and securities brokerage and financing are located in Hong Kong.

Over 90% of the Group's revenues during the years ended 31 March 2008 and 2007 were derived from Hong Kong. Accordingly, no geographical information on revenue is presented.

The following is an analysis of the carrying amount of consolidated total assets and additions to property, plant and equipment analysed by the geographical area in which the assets are located.

	Carrying amount of consolidated total assets At 31 March		**Additions to property, plant and equipment For the year ended 31 March**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**39,822**	24,203	**911**	300
Others	**39,998**	38,948	**–**	–
	79,820	63,151	**911**	300

5. Other income

	2008	2007
	HK$'000	*HK$'000*
Write back of accrued contract costs	**337**	–
Interest income	**331**	166
Write back of accrued professional fees	**234**	–
Handling charges	**100**	46
Sundry income	**54**	38
	1,056	250

6. Finance costs

	2008	2007
	HK$'000	*HK$'000*
Interest on bank borrowings and overdraft wholly repayable within five years	**120**	97
Interest on obligations under finance leases	**34**	31
Interest on other borrowings	**3,939**	2,445
	4,093	2,573

7. Disposal of subsidiaries

2008

On 19 February 2008, the Group disposed of its holding of 100% in the equity interest of Ever Ace Investment Limited and Wellink Shipping Limited for a consideration of HK$1,170,000 in cash.

The net assets of the subsidiaries disposed of at the date of disposal and the loss of disposal based on the audited financial information of the subsidiaries as at 19 February 2008 were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	832
Other receivables, deposits and prepayments	835
Bank balances and cash	35
Accounts payable, other payables and accrued charges	(270)
	1,432
Loss on disposal of subsidiaries	(262)
Cash consideration received	1,170
Net inflow of cash and cash equivalents on disposal of subsidiaries:	
Bank balances and cash disposed of	(35)
Cash consideration received	1,170
	1,135

2007

During the year ended 31 March 2007, the Group disposed of its holding of 60% in the equity interest of Cyber Touch Limited for a consideration of HK$1 in cash. Cyber Touch Limited in turn holds 100% in the equity interest in 北京易行商盟在線網絡技術有限公司.

The net assets of the subsidiaries disposed of at the date of disposal and the gain of disposal based on the unaudited financial information of the subsidiaries as at 31 December 2005 were as follows:

	HK$'000
Net assets disposed of:	
Accounts receivable	19
Other receivables and prepayments	812
Bank balances and cash	3
Trade and other payables	(10,067)
Translation reserve	37
	(9,196)
Gain on disposal of subsidiaries	9,196
Cash consideration received (HK$1)	–
Net outflow of cash and cash equivalents on disposal of subsidiaries:	
Bank balances and cash disposed of	(3)
Cash consideration received (HK$1)	–
	(3)

8. Loss before taxation

	2008	2007
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging/(crediting):		
(Reversal of)/charge for provision for doubtful debts	**(699)**	1,684
Amortisation of trading right included in administrative expenses	**–**	251
Auditor's remuneration:		
Current year	**620**	580
Under-provision in prior years	**19**	100
Reversal of impairment loss on investment deposits	**(8,000)**	–
Bad debts written off	**34**	–
Cost of inventories expensed	**1,447**	1,198
Cost of services provided	**3,144**	666
Depreciation of property, plant and equipment:		
Owned assets	**269**	642
Assets held under finance leases	**339**	276
Exchange losses, net	**26**	2
Fair value change of investments held for trading	**32**	–
Provision for obsolete inventories	**–**	238
Loss on disposal of property, plant and equipment	**–**	64
Operating lease rentals in respect of rented premises	**919**	1,310
Staff costs excluding directors' remuneration:		
Salaries and allowances	**5,988**	9,115
Retirement benefit scheme contributions	**248**	295

9. Taxation

(a) Income tax in the consolidated income statement represents:

	2008	2007
	HK$'000	*HK$'000*
Underprovision of Hong Kong profits tax in respect of prior years	**–**	790
Deferred taxation	**–**	2
	–	792

Hong Kong profits tax is calculated at 17.5% (2007: 17.5%) on the estimated assessable profit for the year. 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 Group entities operating in Hong Kong had no assessable profit for the year ended 31 March 2008 (2007: Nil).

10. Dividends

No dividend has been paid, declared or proposed by the Company during the year and up to the date of approval of these financial statements (2007: Nil).

11. Loss per share – basic

The calculation of the basic loss per share is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Loss for the purposes of basic loss per share	**(5,827)**	(13,230)
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**464,070**	464,070

Diluted loss per share was not presented for both years as the potential diluted ordinary shares resulting from the exercise of the Company's outstanding share options are anti-dilutive.

12. Investments held for trading

	2008	2007
	HK$'000	*HK$'000*
Investment in CSCPL *(Notes)*		
Non-voting cumulative redeemable convertible preference shares,		
("Preference Shares") – unlisted, at cost	**60,800**	60,800
Ordinary Shares – listed, at cost	**5,700**	5,700
	66,500	66,500
Less: Impairment losses	**(27,744)**	(27,744)
	38,756	38,756
Other listed investment at fair value	**28**	60
	38,784	38,816

Notes:

(a) The Preference Shares were issued by China Science Conservational Power Limited ("CSCPL") and carry a fixed preferential dividend at 3% per annum. The trading of the Ordinary Shares of CSCPL on the Stock Exchange (Code: 351) has been suspended since 29 September 2005. No quoted market prices in the Ordinary Shares of CSCPL have been available and the fair values of the Preference Shares and Ordinary Shares could not be reliably measured since that date.

As at 31 March 2008, the carrying value of the 80,000,000 Preference Shares was estimated by the Directors based on a professional valuation carried out as at 31 March 2006. The CSCPL Preference Shares as at 31 March 2006 were valued by a firm of independent professional valuers at HK$36,000,000 using the discounted cash flow model, based on a specific pricing model and parameters. Accordingly, an impairment loss of HK$24,800,000 was made.

The CSCPL Preference Shares matured on 4 July 2008 and the Company has served notice with CSCPL to redeem the CSCPL Preference Shares in full. The Directors understand that CSCPL has already put in place a number of financing transactions which, if implemented, will inter alia, provide CSCPL with sufficient working capital to redeem the CSCPL Preference Shares in full. The financial transactions are conditional upon the Stock Exchange allowing CSCPL to proceed with the proposal for the resumption of trading of its ordinary shares which was submitted to the Stock Exchange on 27 February 2008. On 6 June 2008, CSCPL was notified by the Stock Exchange that the resumption of trading in the shares is subject to the prior fulfilment of certain conditions. Details of the conditions and the financing transactions contemplated by CSCPL are set out in the circular of that company dated 4 July 2008.

Whilst the Directors are optimistic that the Group will be able to receive the CSCPL Preference Shares redemption proceeds in full from CSCPL, the Directors are of the view that it is prudent not to write back in the year ended 31 March 2008 any of the impairment loss recognised in prior years.

13. Accounts receivable

	2008	2007
	HK$'000	*HK$'000*
Accounts receivable	**850**	1,260
Less: Provision for doubtful debts	**(551)**	(551)
	299	709
Accounts receivable from the business of dealing in securities:		
– Clearing houses and cash clients	**2,635**	4,645
– Secured margin loans *(Note (ii)(b))*	**7,420**	4,400
Less: Impairment allowance on trade receivables from the business of dealing in securities		
– Secured margin loans	**(51)**	(250)
	10,004	8,795
	10,303	9,504

The settlement terms of accounts receivables arising from the business of dealing in securities are two days after trade date.

i) The movement in the provision for doubtful debts for accounts receivable during the year, including both specific and collective loss components, is as follows:

	2008	2007
	HK$'000	*HK$'000*
At 1 April	**801**	620
(Reversal of)/charge for provision for doubtful debts	**(199)**	181
At 31 March	**602**	801

The provision for doubtful debts has been made for the estimated irrecoverable amounts from the sale of goods and secured margin loans. These provisions have been determined by the Directors with reference to past default experience.

ii) The ageing analysis of the accounts receivable which were past due but not impaired at the balance sheet date were as follows:

	2008	2007
	HK$'000	*HK$'000*
Current and up to 30 days	**1,730**	4,899
31 to 60 days	**38**	61
61 to 90 days	**123**	89
Over 90 days	**1,594**	856
	3,485	5,905

(a) Accounts receivable 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.

(b) Loans to margin clients are secured by clients' pledged securities, bear variable interest at commercial rates and repayable on demand. No ageing analysis is disclosed as in the opinion of the Directors of the Company, the ageing analysis does not give additional value in view of the nature of business of share margin financing.

As at 31 March 2008 and 2007, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK$48,506,000 and HK$12,374,000 respectively, while no collateral pledged from other accounts receivables.

The Directors consider the carrying amount of accounts receivable accounts approximates their fair value.

14. Progress payment receivables

	2008	2007
	HK$'000	*HK$'000*
Current and up to 30 days	**1**	1,417
Over 90 days	**145**	145
	146	1,562
Less: Provision for doubtful debts	**(145)**	(145)
	1	1,417

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

	2008	2007
	HK$'000	*HK$'000*
At 1 April	**145**	–
Charge for provision for doubtful debts	**–**	145
At 31 March	**145**	145

The provision for doubtful debts has been made for the estimated irrecoverable amounts from contract works. These provisions have been determined by the Directors with reference to past default experience.

The Directors consider that the carrying amount of progress payment receivables approximates their fair value.

15. Retention money receivables

	2008	2007
	HK$'000	*HK$'000*
Retention money receivables, receivable within one year included in current assets	**375**	1,773

The amount represents monies retained by the clients on progress payments on contract work.

The Directors consider that the carrying amount of retention money receivables approximates their fair value.

16. Loans receivable

	2008	2007
	HK$'000	*HK$'000*
Interest bearing loans receivable	**69,019**	69,019
Less: Impairment losses	**(69,019)**	(69,019)
	–	–

The Directors assessed that loan receivables are impaired due to the amounts are irrecoverable. Consequently, a full provision for impairment was made.

In the opinion of the Directors, ageing analysis of loans receivable does not give additional value and is therefore not presented.

No interest receivable is accrued during the years ended 31 March 2008 and 2007 as the Directors consider that the chance of receiving the interest is slim.

17. Investment deposits

	2008	2007
	HK$'000	*HK$'000*
Deposit for formation of a joint venture *(note (a))*	**5,000**	5,000
Earnest money for acquisition of an interest in a PRC company engaged in software development *(note (b))*	**12,000**	20,000
	17,000	25,000
Less: Impairment losses *(note (b))*	**(17,000)**	(25,000)
	–	–

Notes:

(a) A deposit of HK$10,000,000 was paid to a PRC party in May 2002 for the formation of a sino-foreign joint venture in the PRC in which the Group would own 49%. The joint venture was to be principally engaged in construction engineering consultancy and advisory services. The joint venture could not obtain the business licence and half of the deposit amounting to HK$5,000,000 was refunded to the Group on 18 July 2005. Based on the Directors' assessment, full provision was made in respect of the balance of HK$5,000,000.

(b) On 15 July 2005, the Group entered into a letter of intent with an independent third party and a guarantor in relation to the proposed acquisition of certain equity interests in a PRC company, which is principally engaged in the design and distribution of application software specifically for hospitals and clinics in the PRC. Pursuant to the terms of the letter of intent, the Group paid HK$20,000,000 as earnest money.

Pursuant to the termination agreement of the letter of intent dated 28 September 2007, the earnest money paid in HK$20,000,000 was agreed to be fully refunded by the end of July 2008. At 31 March 2008, part of the earnest money amounting to HK$8,000,000 was refunded. Accordingly, this amount of the provision for impairment was reversed and credited to profit or loss. The Directors are of the view that it would be prudent for the Group to continue to provide for the remaining deposit in full.

18. Cash and cash equivalents

	2008	2007
	HK$'000	*HK$'000*
Bank balances and cash – trust *(Note (a))*	**11,140**	2,739
Bank balances and cash – general *(Note (b))*	**15,390**	4,545
	26,530	7,284

(a) The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from its securities brokerage and financing business. The Group has classified the clients' monies as bank balances and cash – trust under the current assets section of the balance sheet and recognised the corresponding accounts payable to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

(b) Bank balances and cash – general earn interest at floating rates based on daily bank deposit rates.

(c) The Directors consider that the carrying amounts of cash and cash equivalents approximate their fair values.

19. Bank overdraft (secured)

	2008	2007
	HK$'000	*HK$'000*
At 31 March	**1,963**	1,926

The bank overdraft is denominated in Hong Kong dollars, repayable on demand and secured by the bank deposits of the Group.

The average interest rate paid on bank overdrafts ranges from prime rate to prime rate less 1% (2007: prime rate less 1%).

The Directors consider that the carrying amount of bank overdraft approximates its fair value due to their short term nature.

20. Other borrowings (unsecured)

	2008	2007
	HK$'000	*HK$'000*
Unsecured borrowings	**29,735**	14,113

The Group has four unsecured loans:

(i) a loan of HK$10,000,000 (2007: Nil) which was raised on 25 May 2007. The loan was unsecured and borne interest at prime rate per annum. On 29 May 2008, the lender renewed the loan to the Group to be repaid in full on 25 May 2009. The new loan was unsecured and borne interest at 3% plus prime rate per annum.

(ii) a loan of HK$12,000,000 (2007: HK$20,000,000) which was raised on 15 June 2007. The loan was unsecured and borne interest at 24% per annum. On 13 June 2008, the lender renewed the loan to the Group to be repaid in full on 15 June 2009. The new loan was unsecured and borne interest at 24% per annum.

(iii) a loan of HK$4,000,000 (2007: Nil) which was raised on 4 July 2007. The loan was unsecured and borne interest at 4% per annum. The amount was fully repaid on 15 May 2008.

(iv) a loan of HK$5,000,000 (2007: Nil) which was raised on 7 November 2007. The loan was unsecured and borne interest at 4.5% per annum. The Group repaid part of the loan amounting to HK$2,000,000 on 7 March 2008. The amount was fully repaid on 11 April 2008.

The Directors consider that the carrying amount of other borrowings approximates their fair value.

21. Accounts payable, other payables and accrued charges

	2008	2007
	HK$'000	*HK$'000*
Accounts payable *(Note (a))*	**3,665**	3,705
Accounts payable from the business of dealing in securities:		
– Margin and cash clients *(Note (b))*	**12,051**	5,268
Other payables and accrued charges	**8,795**	6,901
	24,511	15,874

(a) The ageing analysis of accounts payable as at the balance sheet date is as follows:

	2008	2007
	HK$'000	*HK$'000*
Current and up to 30 days	**56**	477
31 to 60 days	**71**	38
61 to 90 days	**53**	62
Over 90 days	**3,485**	3,128
	3,665	3,705

(b) Included in accounts payable amounts of HK$12,051,000 and HK$5,268,000 as at 31 March 2008 and 2007 respectively were payable to clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

Accounts payable to margin and cash clients arising from the business of dealing in securities bear variable interest at commercial rates, and repayable on demand subsequent to settlement date. No ageing analysis is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of this business.

The settlement terms of trade payables arising from the business of dealing in securities are two days after trade date.

The Directors consider that the carrying amounts of accounts payable, other payables and accrued charges approximate their fair values.

22. Retention money payables

	2008	2007
	HK$'000	*HK$'000*
Retention money payables, payable within one year included in current liabilities	**958**	1,252

The amount represents monies retained by the Group on payments to subcontractors on contract work.

The Directors consider that the carrying amount of retention money payables approximates their fair value.

23. Capital commitments

At the balance sheet date, the Group had the following capital commitments in respect of:–

	2008	2007
	HK$'000	*HK$'000*
Contracted but not provided for:		
– acquisition of a subsidiary *(Note (a))*	20,000	–
– placing of Convertible Bonds *(Note (b))*	50,000	–
	70,000	–

Notes:

(a) On 27 February 2008, the Group entered into the Sale and Purchase Agreement (as amended on 30 May 2008) whereby the Group agreed to purchase a 51% of the issued share capital of a target company at a consideration of HK$20,000,000. The consideration shall be satisfied by the issue of the Consideration Convertible Bonds at a fair value of HK$21,600,000 by the Company upon completion. The acquisition is conditional on, among other things, the Stock Exchange having agreed in principle for the resumption of trading of the Company's shares on the Stock Exchange.

The acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Details of the acquisition are set out in the Company's circular dated 30 June 2008.

(b) On 27 February 2008, the Company entered into the Placing Agreement (as amended on 30 May 2008) with the Placing Agent in respect of the conditional placing of the Placing Convertible Bonds of principal amount of HK$50,000,000 with zero coupon rate due in three years from the date of issue. The Placing Agreement is conditional on, among other things, the Stock Exchange having agreed in principle for the resumption of trading of the Company's shares on the Stock Exchange. Details of the placement are set out in the Company's circular dated 30 June 2008.

24. Post balance sheet events

(a) On 15 April 2008, the Company submitted to the Stock Exchange a resumption proposal with a view to seeking resumption of trading in the ordinary shares of the Company. The Company is waiting to hear the outcome from the Stock Exchange and the conditions, if any, the Company will have to be fulfilled before trading of the Company's shares can be resumed.

(b) On 11 June 2008, the Company served a notice with CSCPL, the issuer of the Group's investments held for trading in the Preference Shares (Note 12 to the financial statements) that the Company will exercise the redemption right on 5 July 2008 to redeem the Preference Shares held by the Company.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following are extracted from the Independent Auditor's Report:

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the affairs of the Company and the Group as at 31 March 2008 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matters

Without qualifying our opinion, we draw attention to the following matters:

(i) Note 3b(ii) to the financial statements indicates that, despite the fact that the Group had net current assets of HK$20,550,000 and net assets of HK$21,036,000 as at 31 March 2008, a significant proportion of these net current assets and net assets is the Group's investments held for trading in a Hong Kong listed company whose shares have been suspended for trading on The Stock Exchange of Hong Kong Limited. In addition, the Group incurred a loss of HK$5,827,000 for the year ended 31 March 2008 and had accumulated losses of HK$275,150,000 as at 31 March 2008. These conditions, along with other matters as set forth in Note 3b(ii) to the financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

(ii) Because our opinion dated 31 July 2007 on the state of affairs of the Company and of the Group as at 31 March 2007 and of the loss and cash flows of the Group for the year then ended was qualified for the scope limitation based on reasons summarised in the basis of opinion section therein, the comparative amounts shown in these financial statements may not be comparable with the amounts for the current year.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

During the year, the Group recorded an audited loss attributable to shareholders of approximately HK$5,827,000 (2007: loss of approximately HK$13,230,000). The decrease in loss was mainly attributable to the recovery of certain investment deposits previously provided for and a better performance of the securities brokerage and margin financing business. The management had tried hard to keep the operating cost of the Group relatively stable under economic climate of inflation.

Electrical Engineering Contracting Business

During the year, the Group had completed all the contracts on hand and no new contracts signed. By recognizing the retention money on the completed contracts, the electrical engineering contracting business generated a turnover of approximately HK$2,809,000, representing a decline of 4.2% from HK$2,934,000 last year. Turnover from electrical engineering contracting business accounted for 22.7% (2007: 45.1%) of the total turnover.

Electrical Materials & Component Trading Business

The electrical materials and components trading business generated a turnover of approximately HK$1,621,000, representing an increase of 13.3% from HK$1,430,000 last year. Turnover from electrical materials & components trading business accounted for 13.1% (2007: 22.0%) of the total turnover.

Securities Brokerage and Financing Business

The securities brokerage and margin financing business generated a turnover of approximately HK$7,925,000, representing an increase of 270.8% from HK$2,137,000 last year. The increase was mainly attributable to the buoyant stock markets in Hong Kong throughout 2007. Turnover from securities brokerage and financing business accounted for 64.2% (2007: 32.9%) of the total turnover.

Sea Freight Forwarding Services Business

The management noted that there is a downturn for the sea freight forwarding services business sector as reflected by Baltic Dry Index and upward trend in the price of petroleum in 2007. After due consideration, the management decided to discontinue the sea freight forwarding services business in January 2008.

FINANCIAL REVIEW AND ANALYSIS

Financing

Liquidity, Financial Resources and Gearing

The Group's total current assets and current liabilities were approximately HK$79,155,000 (as at 31 March 2007: HK$61,992,000) and approximately HK$58,650,000 (as at 31 March 2007: HK$35,819,000) respectively, while the current ratio was about 1.35 times (as at 31 March 2007: 1.73 times).

As at 31 March 2008, the Group's aggregate cash balance amounted to approximately HK$15,390,000 (as at 31 March 2007: HK$4,545,000), representing 19.4% (as at 31 March 2007: 7.3%) of total current assets. Barring unforeseen circumstances and with the financial support from a lender of the Group, the Directors believe that the Group should have adequate funds and liquidity for its business operations.

As shown in the Group's consolidated balance sheet as at 31 March 2008, consolidated shareholders' funds amounted to approximately HK$21,036,000 (as at 31 March 2007: HK$26,863,000); whereas the Group's total borrowing was about approximately HK$32,167,000 (as at 31 March 2007: HK$16,798,000) only, which mainly comprised of a HK dollar overdraft, other borrowings and finance lease obligations. Bank overdraft carries interest calculated on the prime lending rate, other borrowings carry interests calculated at fixed rate and finance charges are fixed at the time the finance leases are entered.

As at 31 March 2008, the gearing ratio, defined as total debts over total assets, was approximately 40.29% (as at 31 March 2007: 26.59%). The increase in the gearing ratio was mainly due to a new unsecured loan the Group obtained in May 2007 for the purpose of general working capital.

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 are 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 this year were reduced as overseas purchases decreased at times of reduced trade activities. As at 31 March 2008, the Group had no significant outstanding forward foreign exchange contracts on hand.

Material acquisitions and disposals

A wholly owned subsidiary of the Group had entered into a sale and purchase agreement (as amended on 30 May 2008) with a third party on 27 February 2008 to acquire a 51% of the issued share capital of Excalibur Securities Limited upon resumption of trading of Company's shares. Details can be referred to Company's circular dated 30 June 2008.

Based on the decision made by the management to discontinue the operation of sea freight forwarding services business in January 2008, two wholly owned subsidiaries were disposed to a third party in February 2008. The two wholly owned subsidiaries disposed of mainly hold a tenancy agreement in a class A office premise and office decoration and equipments in this premise.

Contingent Liabilities and Capital Commitments

At 31 March 2008, the Company did not have any significant contingent liabilities except that the Company had contingent liabilities of HK$12 million in respect of guarantee given to a licensed money lender to secure a loan granted to a subsidiary.

At 31 March 2008, the Group and the Company had capital commitments of HK$70 million in respect of amount contracted but not provided for on the acquisition of a subsidiary and placing of convertible bonds.

Pledge of Assets

At 31 March 2008, the Group had pledged bank deposits of approximately HK$2 million (At 31 March 2007: approximately HK$2 million) to secure certain bank facilities available to the Group.

Employees and Remuneration Policy

At 31 March 2008, the Group had a total of 21 full time employees (2007: 26). The Group remunerated employees based on the industry practice and individual's performance. Staff benefits include contributions to retirement benefit scheme, medical allowances and other fringe benefits.

PROSPECTS

The Group is principally engaged in (i) securities brokerage and margin financing; (ii) electrical engineering contracting and (iii) sale of electrical goods.

During the period under review, in light of the fact that there is no new contract on hand, the fierce market condition and the keen competition from the PRC, the Board believes that the situation will be unlikely to improve in the short-term and the electrical engineering contracting and sale of electrical goods businesses will continue to shrink. Seeing that, the management does not intend to put extra resources for its electrical engineering contracting and sale of electrical goods businesses.

On the contrary, viewing that as both the PRC government and Hong Kong government have shown strong confidence and active support to further strengthen Hong Kong as one of the world-class financial centre, the Directors are prudently optimistic about the future of the Hong Kong stock market and strongly believe that it will continue to grow with tremendous opportunity. In addition, taking into account the PRC economy will remain relatively robust and valuations of local blue chips and quality second-liners remain in demand, the PRC stocks are still attractive from a long term investment perspective. The Board has proposed to allocate more resources of the Group to her securities brokerage and margin financing business in near future.

In line with this strategic plan, the Group proposed to acquire Excalibur Securities Limited ("Excalibur"), a licensed corporation under the Securities and Futures Ordinance permitted to engage in type 1 regulated activity (dealing in securities) by entering into a conditional sale and purchase agreement on 27 February 2008. The proposed acquisition is yet to be completed. Upon completion of the proposed acquisition, the Directors consider that the income from securities brokerage and margin financing from Excalibur will provide an additional flow of income stream to the enlarged Group, enhance the operation level and expand the scale of business of the enlarged Group within a reasonable time.

The aforesaid acquisition is one of the key steps of the Company's resumption proposal project. As trading in the shares of the Company was suspended since September 2005, the Board takes the view that resumption of trading of the shares on the Stock Exchange is its prime goal and is determined to use its best endeavor to achieve resumption of trading so as to protect the interest of the shareholders of the Company.

On 15 April 2008, upon engaging financial advisor, the Company submitted a resumption proposal to the Stock Exchange which is still being reviewed by the Stock Exchange. The Company is in course of providing the Stock Exchange further information in relation thereto, particularly: (i) investigating and addressing the issues concerning the arrest of three former Directors of the Company by the Independent Commission Against Corruption for alleged corruption over the misappropriation of funds as well as clarifying the impact on the operations and financial position of the Group; (ii) addressing any concerns issued by the Company's auditors through qualification of their audit report on the financial statements of the Group published after suspension; and (iii) demonstrating that the Company has in place adequate financial reporting system and internal control procedures to enable the Company to meet its obligations under the Listing Rules. Meanwhile, the Company has to demonstrate to the Stock Exchange that it will have sufficient level of operations or assets of sufficient value under the Listing Rule 13.24.

In order to show competence, the Board has, inter alias, engaged and appointed an independent accounting firm to review the financial affairs of the Company during the period from October 2003 to December 2005, and a separate exercise to review the financial reporting system and internal control procedures of the Company.

The Directors believe that by implementing the above strategic plans, the Group could anticipate a healthy growth in its securities brokerage and margin financing business while in a ready position to broaden its business scope.

CORPORATE GOVERNANCE

The Company has, throughout the year ended 31 March 2008, complied with most of the applicable code provisions and principles of the Code of Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules except that:

(i) 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.

    A resolution will be put forward at the forthcoming general meeting to amend the Articles of Association of the Company to exercise observance the provisions of the Listing Rules.

(ii) Ms. You Wei, the former Chairman who resigned all her offices in the Company on 14 August 2007, did not attend the annual general meeting of the Company held on 29 August 2007. The annual general meeting was chaired by Mr. Albert Ho, an ex-independent non-executive Director, former Chairman of Audit Committee and a member of Remuneration Committee of the Company at that moment.

Detailed information on the Company's corporate governance practices and its applications of the CG Code will be set out in the Corporate Governance Report contained in the Company's 2008 Annual Report which will be dispatched to the Company's shareholders in due course.

AUDIT COMMITTEE

The audit committee, which comprises three independent non-executive Directors of the Company, namely Mr. Ng Kay Kwok, Mr. Lam Ka Wai, Graham and Mr. Tam B Ray Billy, has reviewed with the management and the auditor of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of audited consolidated financial statements of the Group for the year ended 31 March 2008.

CONFIRMATION FOR INDEPENDENCE

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding Directors' securities transactions. Upon specific enquiry of the Company, all Directors confirmed that they have complied with the Model Code for the year ended 31 March 2008.

SIGNIFICANT EVENTS

On 27 February 2008, Yew Sang Hong Investment Services Limited, a wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement (as amended on 30 May 2008) for acquisition of 51% of Excalibur Securities Limited at the consideration of HK$20 million (the "Acquisition"). The Acquisition constitutes a very substantial acquisition transaction under the Listing Rules. Completion of the Acquisition is subject to the satisfaction of a number of condition precedents, including, among others, the Stock Exchange having agreed in principle for resumption of trading of shares of the Company on the Stock Exchange, which is yet to be satisfied. The Company would settle the consideration by way of issuing zero coupon convertible notes in the principal amount of HK$20 million to the vendor.

On the even day, the Company entered into a placing agreement (as amended on 30 May 2008) (the "Placing Agreement") with Kingston Securities Limited in respect of the conditional placing of the zero coupon convertible notes in the principal amount of HK$50 million due in three years from the date of issue. The Placing Agreement is conditional on, among other things, the resumption of trading of shares of the Company on the Stock Exchange, which is yet to be satisfied.

On 15 April 2008, the Company entered into an engagement letter (the "Engagement Letter") with Veda Capital Limited ("Veda Capital") in respect of appointing Veda Capital as its financial advisor for the resumption of trading of shares of the Company on the Stock Exchange. Pursuant to the Engagement Letter, part of the professional fees of HK$1,200,000 charged by Veda Capital may be settled by way of issuing such number of new shares of the Company equivalent to one (1) percent of the enlarged issued share capital of the Company (currently estimated at 12 million shares) (the "Remuneration Shares") to Veda Capital (or its nominee(s)) at an issue price of HK$0.10 per new share. The Company also agreed to grant such number of warrants of the Company equivalent to one (1) percent of the enlarged issued share capital of the Company (currently estimated at 12 million) (the "Remuneration Warrants") to Veda Capital (or its nominee(s)). The Remuneration Warrants will entitle Veda Capital (or its nominee (s)) to subscribe for 12 million new shares (based on current estimate) at an exercise price of HK$0.10 per Share (subject to adjustments), at any time between the date of issue of the Remuneration Warrants and 36 months thereafter. The granting of the Remuneration Shares and the Remuneration Warrants are subject to the approval by the Stock Exchange on resumption of trading of shares of the Company, which is yet to be satisfied.

By Order of the Board
China Conservational Power Holdings Limited
Ng Cheuk Fan, Keith
Managing Director

Hong Kong, 18 July 2008

This announcement is also published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.290.com.hk). The Group's Annual Report 2007/2008 containing all the information required by the Listing Rules will be published on the Stock Exchange's and the Company's website in due course.

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.