

**CHINA CONSERVATIONAL POWER HOLDINGS LTD:
AND, NOW, THE HONGKONG TAXMAN SUES A SUBSIDIARY**

The Commissioner of Inland Revenue of Hongkong has issued legal Proceedings in the District Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), seeking \$HK222,337 from Yew Sang Hong Trading Ltd ().

Yew Sang Hong Trading is a wholly owned subsidiary of [China Conservational Power Holdings Ltd](#) (Code: 290, Main Board, the Stock Exchange of Hongkong Ltd).

No details are given about the allegations of The Commissioner, other than this is a tax matter.

Trading in the shares of China Conservational Power has been suspended since September 29, 2005, following an action by the Independent Commission Against Corruption (ICAC), culminating in the arrest of 22 people in the territory for alleged corruption.

Two of the people, who were arrested by the ICAC, included Messrs Chan Tat Chee () and Hon Ming Kong (), both former Directors of China Conservational Power.

It is alleged by the ICAC that these 2 gentlemen conspired to defraud China Conservational Power of \$HK13 million, belonging to the company.

It is further alleged that Messrs Chan and Hon were involved in other conspiracies to defraud China Sciences Conservational Power Ltd () (Code: 351, Main Board, The Stock Exchange of Hongkong Ltd).

Those alleged offences were said to have taken place between January 2004 and April 2005.

China Conservational Power alleges that it is not, and never has been, a party to any of the ICAC charges and that the company is not implicated in these matters, in any way.

Be that as it may, this publicly listed company has suffered since the dramatic events of September 2005.

For the Financial Year, ended March 31, 2006, China Conservational Power suffered its largest single Year's losses on record: About \$HK131.25 million.

That result was on a Turnover of about \$HK29.69 million.

This company is (or, at least, was) in the businesses of electrical engineering contracting work, trading, securities brokerage and financing and sea freight forwarding.

The following table is lifted from the database of **TOLFIN** () (The Computerised Online Financial Intelligence Service and Web-Based, Credit-Checking Provider):

| | Financial Year, Ended March 31 | | | | |
|--|---|------|------|------|------|
| | 2006 | 2005 | 2004 | 2003 | 2002 |
| | All Figures Are Denominated In \$HK'000 | | | | |

| | | | | | |
|--|-----------|----------|----------|----------|---------|
| Turnover | 29,690 | 102,427 | 166,243 | 199,722 | 106,217 |
| Profit/(Loss) Before Taxation | (131,092) | (96,752) | (57,399) | (40,448) | 2,669 |
| Taxation | (159) | (36) | (86) | (113) | (1,784) |
| Net Profit/(Loss) Attributable To Shareholders | (131,251) | (94,376) | (57,198) | (40,555) | 885 |
| Shareholders' Funds | 40,056 | 139,937 | 219,400 | 183,322 | 105,784 |

The above table, aside from illustrating the rapid deterioration in this company's fortunes, also shows that taxes, paid over the years, have been miniscule.

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