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CREATIVE ENERGY SOLUTIONS HOLDINGS LIMITED

科瑞控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8109)

- (1) COMPLETION OF THE RESTRUCTURING AGREEMENT AND THE SUBSCRIPTION AGREEMENT;**
- (2) RELEASE OF THE LIQUIDATORS;**
- (3) REMOVAL OF DIRECTORS;**
- (4) APPOINTMENT OF DIRECTORS;**
- (5) RESIGNATION OF DIRECTORS;**
- (6) CHANGES OF AUTHORISED REPRESENTATIVES;**
- (7) APPOINTMENT OF AUDIT COMMITTEE MEMBERS AND REMUNERATION COMMITTEE MEMBERS;**
- (8) CHANGE OF COMPANY SECRETARY;**
- (9) CHANGE OF HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG;**
- (10) REMEDIES OF NON-COMPLIANCE WITH THE GEM LISTING RULES;**
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- AND**
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Financial adviser to Creative Energy Solutions Holdings Limited



COMPLETION OF THE RESTRUCTURING AGREEMENT AND THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that completion of the Restructuring Agreement and the Subscription Agreement took place on 29 July 2010.

* *For identification purposes only*

RELEASE OF THE LIQUIDATORS

The court order for the stay of the winding up order against the Company and the release of the Liquidators was granted on 14 July 2010 by the High Court.

REMOVAL OF DIRECTORS

Mr. Shum Fong Chung, Ms. Lin Rong Yin, Mr. Shi Jian Hui and Ms. To Sin Ning have been removed as the Directors with effect from the completion of the Restructuring Agreement.

APPOINTMENT OF DIRECTORS

With effect from the completion of the Restructuring Agreement, Mr. Wu Chun Wah and Mr. Xu Bo have been appointed as executive Directors; Mr. Cheong Ying Chew, Henry, Dr. Zhao Bin and Mr. Chan Sun Kwong have been appointed as independent non-executive Directors. Mr. Xu Bo has also been appointed as the Chairman of the Company with effect from the same date.

RESIGNATION OF DIRECTORS

Mr. John Howard Batchelor, Mr. Cheng Chi Ho, Mr. Chow Wai Shing Daniel and Mr. Yeung Ka Wing have resigned as executive Directors with effect from the completion of the Restructuring Agreement.

CHANGES OF AUTHORISED REPRESENTATIVES

With effect from 29 July 2010, Mr. Shum Fong Chung ceased to be authorised representative of the Company.

Mr. Wu Chun Wah and Ms. Yuen Shuk Yee have been appointed as the authorised representatives of the Company with effect from 29 July 2010.

APPOINTMENT OF AUDIT COMMITTEE MEMBERS AND REMUNERATION COMMITTEE MEMBERS

With effect from 29 July 2010, Mr. Cheong Ying Chew, Henry, Dr. Zhao Bin and Mr. Chan Sun Kwong have been appointed as members of the audit committee of the Company. Mr. Chan Sun Kwong has been appointed as the chairman of the audit committee of the Company.

With effect from 29 July 2010, Mr. Xu Bo, Mr. Cheong Ying Chew, Henry, Dr. Zhao Bin and Mr. Chan Sun Kwong have been appointed as members of the remuneration committee of the Company. Mr. Xu Bo has been appointed as the chairman of the remuneration committee of the Company.

CHANGE OF COMPANY SECRETARY

With effect from the completion of the Restructuring Agreement, Mr. Chow Wai Shing Daniel has resigned and Ms. Yuen Shuk Yee has been appointed as the company secretary of the Company.

CHANGE OF HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The principal place of business of the Company has been changed to Room 1906, 19th Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong with effect from 29 July 2010.

REMEDIES OF NON-COMPLIANCE WITH THE GEM LISTING RULES

The actions taken by the Company to remedy the non-compliance with the GEM Listing Rules are set out in this announcement.

FULFILLMENT OF ALL CONDITIONS SET OUT IN THE APPROVAL LETTER

The Board is pleased to announce that as at 29 July 2010, all the conditions set out in the Approval Letter issued by the Stock Exchange for the Resumption have been fulfilled.

PARALLEL TRADING AND TRADING ARRANGEMENT

Shareholders are reminded that parallel trading in the existing Shares and the New Shares will commence tomorrow. Further details of the parallel trading and the trading arrangement have been set out in the joint announcement dated 30 June 2010 issued by the Company and the Investor.

RESUMPTION OF TRADING

The Company has made an application to the Stock Exchange for the resumption of trading in the New Shares on the GEM with effect from 9:30 a.m. on 30 July 2010.

Reference is made to the announcement of the Company dated 11 February 2009 and the circular dated 30 June 2010 issued by the Company and the Investor (the "Circular"). Capitalised terms used herein shall have the same meanings as those defined in the Circular unless otherwise stated.

COMPLETION OF THE RESTRUCTURING AGREEMENT AND THE SUBSCRIPTION AGREEMENT

All conditions precedent to the Restructuring Agreement and the Subscription Agreement had been fulfilled and completion of the Restructuring Agreement (the “Completion”) and completion of the Subscription Agreement took place on 29 July 2010.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows the Company’s shareholding structure as at the date of this announcement and after the Distribution:

Shareholders	After Completion and the Placement but before the Distribution and as at the date of this announcement		After Completion, the Placement and the Distribution	
	<i>Number of New Shares</i>	<i>%</i>	<i>Number of New Shares</i>	<i>%</i>
Investor and parties acting in concert with it	127,057,440	72.19	127,057,440	72.19
Public:				
– Mr. Shum Fong Chung (<i>Note 1</i>)	4,942,560	2.81	4,942,560	2.81
– Scheme Administrators (<i>Note 2</i>)	880,000	0.50	–	–
– Creditors (<i>Note 2</i>)	–	–	880,000	0.50
– independent placees (<i>Note 3</i>)	39,262,560	22.31	39,262,560	22.31
– other public Shareholders	3,857,440	2.19	3,857,440	2.19
Sub-total	48,942,560	27.81	48,942,560	27.81
Total	<u>176,000,000</u>	<u>100.00</u>	<u>176,000,000</u>	<u>100.00</u>

Notes:

- As at the date of this announcement, following the removal of Mr. Shum Fong Chung as the Director, he is classified as a public Shareholder.
- Upon Completion, the Company issued and allotted 880,000 New Shares to the Scheme Administrators or its nominee for the benefits of the Creditors. The 880,000 New Shares will be distributed to the Creditors in respect of their respective claims admitted by the Scheme Administrators on a pari passu basis at the effective date of the Schemes.
- Completion of the Placement took place on 29 July 2010. As at the date of this announcement, the public Shareholders are interested in approximately 27.81% of the issued share capital of the Company. Accordingly, the Company meets the public float requirement under the GEM Listing Rules.

RELEASE OF THE LIQUIDATORS

The court order for the stay of the winding up order against the Company and the release of the Liquidators was granted on 14 July 2010 by the High Court.

REMOVAL OF DIRECTORS

As approved by the Shareholders at the SGM held on 23 July 2010 and following the Completion, Mr. Shum Fong Chung, Ms. Lin Rong Yin, Mr. Shi Jian Hui and Ms. To Sin Ning have been removed as the Directors with effect from the Completion. Since the four removed Directors are not contactable, the Company is not able to obtain confirmation from each of them as to whether they have any disagreement with the Board or whether there is any matter relating to their removal which needed to be brought to the attention of the Shareholders and the Stock Exchange.

APPOINTMENT OF DIRECTORS

As approved by the Shareholders at the SGM held on 23 July 2010 and following the Completion, with effect from 29 July 2010, Mr. Wu Chun Wah and Mr. Xu Bo have been appointed as executive Directors; Mr. Cheong Ying Chew, Henry, Dr. Zhao Bin and Mr. Chan Sun Kwong have been appointed as independent non-executive Directors.

Mr. Xu Bo has also been appointed as the Chairman of the Company with effect from the same date. Save for such appointment and the respective appointment of the members of the audit committee and remuneration committee of the Company as set out below, none of the Directors hold any other position with the Group which is discloseable pursuant to Rule 17.50 (2)(b) of the GEM Listing Rules.

Each of the Directors appointed has not entered into any service contract with the Company nor is he appointed for a specified term. There is no proposed remuneration package nor emolument agreed by the Company and each of the Directors as at the date of this announcement. However, these conditions may be reviewed by the Board from time to time. Further announcement will be made by the Company should any of the Directors enter into service contract with the Company or any changes be determined thereafter.

Set out below are the biographical details of the new Directors appointed to the Board.

Executive Directors

Mr. Wu Chun Wah, aged 45, graduated from Northeast Louisiana University and holds a master degree in business administration and a master degree in corporate governance from the Hong Kong Polytechnic University. Mr. Wu also obtained a diploma of China trade and investment from Beijing University, a diploma of China laws from Guangdong Economic Laws Research Centre and a postgraduate diploma in management from Asia International Open University. He is a fellow member of the Hong Kong Institute of Directors, member of the Hong Kong Securities Institute, associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. He is currently the executive director of Incutech Investments Limited, (listed on the Stock Exchange). Prior to his present employment, he was an executive director of China Chengtong Development Group Limited (listed on the Stock Exchange) which is a subsidiary of China Chengtong Holdings Company, a pillar enterprise under the supervision of State-owned Assets Supervision and Administration Commission. He was also the non-executive director of China Agrotech Holdings Limited (listed on the Stock Exchange). He has also worked for several international financial institutions including BNP Paribas Peregrine Capital Limited, CCIC Finance Limited and American Express Bank Limited. Mr. Wu has extensive experience in financial investment and corporate finance.

Mr. Xu Bo, aged 49, graduated from Zhenzhou University and holds a bachelor of science degree in Equipment Automation. Mr. Xu is a director of Risingsun Investments Group Limited with diversified business interests including investment in liquefied natural gas supply projects. Mr. Xu is also the controlling shareholder of Shenzhen CATIC Computer Engineering Co. Ltd. and Beijing Com-Link Information & Technology Co. Ltd.

Save as disclosed above, Mr. Wu and Mr. Xu did not hold any directorship in other listed companies in the last three years.

Save for the New Shares held by the Investor as disclosed in the section headed “Changes in the shareholding structure of the Company”, Mr. Wu and Mr. Xu do not have any interest in the New Shares within the meaning of Part XV of the SFO nor do they have any relationship with any other directors, senior management, substantial shareholder or controlling shareholder of the Company.

There is nothing in respect of Mr. Wu and Mr. Xu which is discloseable pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders.

Independent non-executive Directors

Mr. Cheong Ying Chew, Henry, aged 62, has been an Independent Non-executive Director and Chairman of the Audit Committee of Cheung Kong (Holdings) Limited. He is also an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited, CNNC International Limited, Excel Technology International Holdings Limited, Hutchison Telecommunications Hong Kong Holdings Limited, New World Department Store China Limited, SPG Land (Holdings) Limited and TOM Group Limited, all being listed companies in Hong Kong. Mr. Cheong is an executive Director and Deputy Chairman of Worldsec Limited, a company listed in London. Mr. Cheong is a member of the Securities and Futures Appeals Tribunal, a member of the Advisory Committee of the Securities and Futures Commission and a member of the Disciplinary Panel (Panel A) of the Hong Kong Institute of Certified Public Accountants. Mr. Cheong holds a Bachelor of Science degree in mathematics and a Master of Science degree in Operational Research and Management.

Dr. Zhao Bin, aged 35, is the Associate Professor of Department of Building Science, School of Architecture of Tsinghua University. Dr. Zhao holds Philosophy of Doctor Degree in Heating, Ventilating and Air Conditioning Engineering from Tsinghua University. Dr. Zhao is currently participating in various research projects focusing on ventilation and energy saving including a research project under the 11th 5-year National Key Technology R&D Program. Dr. Zhao also participated in design and analysis of ventilation and energy saving of various key construction projects in China including National Olympic Gymnasium, People's Great Hall, CCTV Hall etc. He is an expert in ventilation and energy saving solutions in the PRC.

Mr. Chan Sun Kwong, aged 43, has over 18 years of experience in public accounting, auditing, finance and banking industry in Hong Kong and overseas. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom. He is an executive director, finance director and company secretary of Sam Woo Holdings Limited, a company listed in Hong Kong.

Save as disclosed above, Mr. Cheong, Dr. Zhao and Mr. Chan did not hold any directorship in other listed companies in the last three years.

Mr. Cheong, Dr. Zhao and Mr. Chan do not have any interest in the New Shares within the meaning of Part XV of the SFO nor does each of them have any relationship with any other directors, senior management, substantial shareholder or controlling shareholder of the Company.

There is nothing in respect of Mr. Cheong, Dr. Zhao and Mr. Chan which is discloseable pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders.

RESIGNATION OF DIRECTORS

Mr. John Howard Batchelor, Mr. Cheng Chi Ho, Mr. Chow Wai Shing Daniel and Mr. Yeung Ka Wing have resigned as executive Directors with effect from 29 July 2010, given that they are each nominated by the Liquidators and that the Liquidators are now released and the Restructuring Proposal has been completed.

Mr. John Howard Batchelor, Mr. Cheng Chi Ho, Mr. Chow Wai Shing Daniel and Mr. Yeung Ka Wing have confirmed that they had no disagreement with the Board and there was no matter relating to their resignation which needed to be brought to the attention of the Shareholders or the Stock Exchange. The Board takes this opportunity to express its gratitude to them for their professional expertise and valuable contribution during the tenure of their office.

CHANGES OF AUTHORISED REPRESENTATIVES

With effect from 29 July 2010, Mr. Shum Fong Chung ceased to be authorised representative of the Company.

Mr. Wu Chun Wah and Ms. Yuen Shuk Yee have been appointed as the authorised representatives of the Company with effect from 29 July 2010.

APPOINTMENT OF AUDIT COMMITTEE MEMBERS AND REMUNERATION COMMITTEE MEMBERS

With effect from 29 July 2010, Mr. Cheong Ying Chew, Henry, Dr. Zhao Bin and Mr. Chan Sun Kwong have been appointed as members of the audit committee of the Company. Mr. Chan Sun Kwong has been appointed as the chairman of the audit committee of the Company.

With effect from 29 July 2010, Mr. Xu Bo, Mr. Cheong Ying Chew, Henry, Dr. Zhao Bin and Mr. Chan Sun Kwong have been appointed as members of the remuneration committee of the Company. Mr. Xu Bo has been appointed as the chairman of the remuneration committee of the Company.

CHANGE OF COMPANY SECRETARY

Mr. Chow Wai Shing Daniel has resigned as the company secretary with effect from 29 July 2010. Mr. Chow confirmed that he has no disagreement with the Board and there is no matter that needs to be brought to the attention of the Shareholders and the Stock Exchange in connection with his resignation.

Ms. Yuen Shuk Yee has been appointed as the company secretary with effect from 29 July 2010. Ms. Yuen is the financial controller of the Group. She graduated from Hong Kong Shue Yan University and holds a diploma of accounting. She is an associate member of the Hong Kong Institute of Certified Public Accountants and the Association of International Accountants. Prior to joining the Group, Ms. Yuen has worked as qualified accountants for several listed companies in Hong Kong. Ms. Yuen has over 10 years experience in financial management and accounting.

CHANGE OF HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The principal place of business of the Company has been changed to Room 1906, 19th Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong with effect from 29 July 2010.

REMEDIES ON NON-COMPLIANCE WITH THE GEM LISTING RULES

An announcement was made by the Stock Exchange dated 24 November 2006 (the "Stock Exchange Announcement") stating that the Company had been placed into the delisting procedures pursuant to Rule 9.14 of the GEM Listing Rules and the Company was required to submit a viable resumption proposal that would enable the Company to demonstrate that it complies with the GEM Listing Rules and all applicable laws and regulations at least ten business days before 23 May 2007. In addition, the Company was required to (i) demonstrate that it, directly or indirectly, has a sufficient level of operations and management expertise on the business pursuits of the Company to warrant the continued listing of the Shares on the Stock Exchange; (ii) demonstrate that the Company has adequate financial reporting and compliance systems and procedures to enable the Company to meet its obligations under the GEM Listing Rules; and (iii) investigate and address any concerns raised by the Company's auditors through the qualification on their audit report in respect of the financial statements of the Group published after the Suspension.

The following measures have been taken to remedy the matters set out in the Stock Exchange Announcement:

(a) Demonstrate that the Company, directly or indirectly, has a sufficient level of operations and management expertise on the business pursuits of the Company to warrant the continued listing of the Shares on the Stock Exchange

With the assistance of the directors of the Investor in terms of business referrals and financial support, the Group successfully solicited new projects with potential customers by leveraging on the business network of the Investor in the two financial years ended 30 June 2009. According to the audited consolidated financial statements of the Group for the two financial years ended 30 June 2008 and 2009, the Group recorded a turnover of approximately RMB12.0 million and RMB2.9 million respectively. The Group has five projects in relation to EMS Contracts or the ES Gas Cooker in progress. The contract sum of each of these projects ranged from approximately RMB0.4 million to approximately RMB1.5 million.

The daily operations of the Group are managed by the management including, among others, Dr. Ma Jun and Mr. Mao Xianfeng, whom have maintained the business operation of Beijing Creative even after the appointment of the Liquidators since May 2007 and up to the Latest Practicable Date. Dr. Ma Jun, graduated from Tsinghua University, holds a doctorate degree in computer technology and application engineering, who confirms that his research focus during the acquiring of the doctorate degree was mainly in computerised control system for thermal energy saving, specialising in heating, ventilating and air-conditioning system, and has managed the energy saving solution related business of the Group for over eight years. Mr. Mao Xianfeng has participated in the design and installation of the SAVIN 2000 series and was graduated from Shenyang Building Engineering University specialising in system automation. Given that their academic background and working experience in the Group are relevant and useful to the energy saving solution related business of the Group, the Directors consider that the Group possesses the market expertise in carrying out its business strategies and developing its energy saving solution related business. The members of the management demonstrated their ability by maintaining the business operation of the Group even in the adverse financial situation of the Group since the Suspension. The Directors consider that the ability of the Group to secure sales orders has been to certain extent hampered by its status of liquidation and the Suspension. A considerable improvement is expected on the stay of the liquidation and after the Resumption.

In view of the operating results and the management expertise of the Group, the Directors consider that the business is a viable and sustainable business and the Group shall have a sufficient level of operations after Completion to warrant the continued listing of the Shares on the GEM.

(b) Demonstrate that the Company has adequate financial reporting and compliance systems and procedures to enable the Company to meet its obligations under the GEM Listing Rules

The Investor is fully aware of the importance of corporate governance for the continue operation and listing of the Company. It is prepared to strengthen the composition of the board by nomination of three members to the Board as independent non-executive Directors. The conditional appointment of the said Directors has been approved by the Shareholders at the SGM.

The Investor has engaged an independent firm of certified public accountants to conduct a review on the internal control and financial system of the Group. The Group has taken certain remedial actions to develop an effective internal control system and to rectify the internal control weaknesses of Group. The rectified internal control system sets out proper procedures in, among others, financial and operational control and corporate governance compliance. In this respect, the Company and Beijing Creative will be able to promptly produce updated management accounts and financial reports and comply with the requirement of the GEM Listing Rules. The Company has engaged the same firm of certified public accountants to conduct a follow-up review on the internal control and financial system of the Group confirming the sufficiency of the internal control in order to ensure compliance with the GEM Listing Rules.

The firm of certified public accountants reported that it was satisfied with the results of the walk-through tests and that no material internal control deficiency was identified and concluded that the Group has adequate and effective internal control system in place. However, it did identify several major deficiencies relating to compliance of the Code on Corporate Governance Practices (the “CG Code”) under the GEM Listing Rules. Those deficiencies are:

- (i) only two members of the Board was independent non-executive directors which is less than minimum requirement of three independent non-executive directors. In additions, all the two independent non-executive Directors are not performing their functions as they cannot be contacted;
- (ii) audit committee, remuneration committee and nomination committee have not been formed and functioning;
- (iii) audited financial statements and interim reports have not been prepared and published on timely basis; and
- (iv) no regular board meeting has been held for the past four years.

The deficiencies were made due to historical reasons and the Company took the following remedial actions:

- (i) The audited financial statements and interim reports have not been prepared and published on a timely basis and no regular board meeting has been held for the past four years, primarily due to the departure of former senior management responsible for financial reporting functions and/or loss of contacts of four existing Directors since Suspension including Mr. Shum Fong Chung, Ms. Lin Rong Ying, Mr. Shi Jian Hui and Ms. To Sin Ning to convene regular board meetings and review and approve the financial statements and interim reports. The Group has implemented new accounting software for bookkeeping and financial reporting purpose and employed a financial controller and finance manager to manage the accounting and finance functions of the Group to ensure the financial statements and interim reports to be timely prepared. Mr. John Howard Batchelor, Mr. Cheng Chi Ho, Mr. Chow Wai Shing Daniel and Mr. Yeung Ka Wing were appointed as the executive Directors with effect from 30 January 2010 and had taken up the responsibilities as the Directors to review and approve the outstanding financial statements and interim reports and convene regular board meetings. The Group has also implemented a compliance manual comprising of, among others, the CG Code, internal control procedures and financial control policies to enhance the corporate governance and promote the effectiveness of internal control of the Group with an aim to achieve proper compliance with the relevant rules and regulations including but not limited to the GEM Listing Rules;
 - (ii) Following the removal, resignation and appointment of the Directors as disclosed in this announcement, the Board comprises of two executive Directors and three independent non-executive Directors. The audit committee and remuneration committee have also been formed to carry out the respective functions and regular board meeting will be held in accordance with the CG Code; and
 - (iii) The Company has published all the outstanding financial results of the Company and despatched all the outstanding financial reports to the Shareholders.
- (c) **Investigate and address any concerns raised by the Company's auditors through the qualification on their audit report in respect of the financial statements of the Group published after the Suspension**

All the outstanding financial information has been published. The qualifications of the audited financial statements of the Company for the five financial years ended 30 June 2009 comprise of (i) limitation of scope; and (ii) fundamental uncertainty relating to the going concern basis. Set out below are the reasons and the respective remedial measures in response to the concerns raised by the auditors.

(i) *The auditors of the Company were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion*

The qualifications of the audited consolidated financial statements of the Company for the five financial years ended 30 June 2009 were attributable to the liquidation of the Company, improper books and records, loss of control of some of the Other Assets and the financial difficulties experienced by the Group. The winding up order against the Company was stayed and the Liquidators were released. The indebtedness owed by the Company to the Creditors will be discharged in full and the Other Assets will be disposed to the Scheme Administrators or its nominee under the Schemes. As a result, the Other Assets will cease to be subsidiaries of the Company and their financial results will not be consolidated in the financial statements of the Group after Completion.

As described in section (b) above, the Company has engaged the firm of certified public accountants to conduct a follow-up review on the internal control and financial system of the Group confirming the sufficiency of the internal control in order to ensure compliance with the GEM Listing Rules. The firm of certified public accountants reported that it was satisfied with the results of the walk-through tests and that no material internal control deficiency was identified and concluded that the Group has adequate and effective internal control system in place. Given the above and that this qualification for the financial year ended 30 June 2009 was relating to the Other Assets, the Directors expect that, barring unforeseen circumstances, the auditors of the Company will be able to obtain sufficient and appropriate audit evidence in the subsequent audit exercise after Completion. No qualification will be made for the financial year ending 30 June 2011, except for the gain or loss arising from the discharge of the indebtedness of the Company pursuant to the Schemes, which is one-off in nature and will be removed for the financial year ending 30 June 2012.

(ii) *The auditors were not able to determine whether the going concern basis used in preparing the financial statements were appropriate due to the significant uncertainties relating to the outcome of the Restructuring Proposal*

The qualification of the audited consolidated financial statements of the Company for the five financial years ended 30 June 2009 in respect of the going concern basis was attributable to the net liabilities position of the Group and the significant uncertainties relating to the outcome of the Restructuring Proposal. Upon Completion, the Group is expected to be in a net tangible asset position. The Directors expect that, barring unforeseen circumstances, the qualification in respect of the going concern basis will be removed for the financial year subsequent to Completion.

FULFILLMENT OF ALL CONDITIONS SET OUT IN THE APPROVAL LETTER

The Company submitted a resumption proposal on 9 May 2007 to the Stock Exchange. On 6 February 2009, the GEM Listing Committee confirmed in writing (the “Approval Letter”) that the Company was allowed to proceed with the resumption proposal dated 2 February 2009, involving, among others, the Capital Reorganisation, the Subscription, the Debt Restructuring and the Group Reorganisation, subject to fulfillment of certain conditions on or before 5 August 2009, being six months from the date of the Approval Letter. The Company announced on 31 July 2009, 31 December 2009 and 21 June 2010 that applications were made and approved by the Stock Exchange to extend such deadline to 31 December 2009, 30 June 2010 and 31 August 2010, respectively. Details of the conditions are set out as follows:

- (i) completion of the Subscription and all the transactions contemplated under the Restructuring Proposal;
- (ii) completion of the placing down of the Shares by the Investor to maintain public float;
- (iii) the Schemes becoming effective;
- (iv) uplift of the winding up order and discharge of the Liquidators;
- (v) publication of all outstanding financial results and reports;
- (vi) reinstatement of the Company’s status in the Registrar of Companies in Bermuda;
- (vii) completion of a follow-up review on the internal control system by an independent professional party to demonstrate that the Group has in place an adequate and effective internal control system, in particular, addressing the weaknesses associated with the issues raised by auditors in their audit reports;
- (viii) fulfilling the personnel requirements under the GEM Listing Rules relating to the appointment of independent non-executive directors and company secretary;
- (ix) disclosure of details of the resumption proposal and the actions taken by the Company to remedy those matters that gave rise to the Stock Exchange’s proposal to cancel the listing of the Company by way of announcement(s); and

- (x) inclusion of a pro forma balance sheet of the Group upon completion of the Restructuring Proposal prepared in accordance with Rule 7.31 of the GEM Listing Rules in the circular relating to the Restructuring Proposal and that the pro forma net assets attributable to shareholders of the Company (the “Shareholders”) should be consistent with that presented in the resumption proposal.

The Board is pleased to announce that as at 29 July 2010, all the conditions set out in the Approval Letter have been fulfilled, details of which are set out below:

- (i) Completion of the Subscription and all transactions contemplated under the Restructuring Proposal took place on 29 July 2010.
- (ii) Completion of the placing down of the New Shares by the Investor to maintain public float took place on 29 July 2010.
- (iii) A creditors’ meeting was convened on 9 June 2010 and the Schemes were unanimously approved by the Creditors. The Hong Kong Scheme was sanctioned by the High Court on 22 June 2010. The Bermuda Scheme was sanctioned by the Supreme Court of Bermuda on 18 June 2010.

The Independent Shareholders approved the implementation of the Schemes at the SGM held on 23 July 2010.

The Schemes were effective on 29 July 2010 in accordance with their terms.

- (iv) The winding up order against the Company was stayed and the Liquidators were released on 29 July 2010.
- (v) The financial results of the Group (i) for the financial years ended 30 June 2005, 2006, 2007, 2008 and 2009; (ii) for the three months ended 30 September 2005, 2006, 2007, 2008 and 2009; (iii) for the six months ended 31 December 2005, 2006, 2007, 2008 and 2009; and (iv) for the nine months ended 31 March 2006, 2007, 2008, 2009 and 2010, have been published and the respective annual reports and quarterly reports have been despatched.
- (vi) As disclosed in the Circular, the Company was reinstated to the Registrar of Companies of Bermuda on 17 July 2009.

- (vii) The Company has engaged the firm of certified public accountants to conduct a follow-up review on the internal control and financial system of the Group confirming the sufficiency of the internal control in order to ensure compliance with the GEM Listing Rules and the firm of certified public accountants reported that it was satisfied with the results of the walk-through tests and that no material internal control deficiency was identified and concluded that the Group has adequate and effective internal control system in place, details of which are set out in the Circular and this announcement.
- (viii) The Company has appointed three independent non-executive Directors with effect from the Completion. Ms. Yuen Shuk Yee was appointed as the company secretary of the Company with effect from the Completion.
- (ix) Details of the resumption proposal was disclosed in the announcement of the Company dated 22 September 2009 and the actions taken by the Company to remedy those matters that gave rise to the Stock Exchange's proposal to cancel the listing of the Company were disclosed above in this announcement.
- (x) The pro forma balance sheet of the Group upon completion of the Restructuring Proposal prepared in accordance with Rule 7.31 of the GEM Listing Rules was disclosed in Appendix III to the Circular.

As at the date of this announcement, the Company and the Investor have no present agreement, arrangement, negotiation or plan to carry out business other than the provision of energy efficiency solutions and engineering consulting services in the People's Republic of China (including Hong Kong) within 12 months after Resumption. The Investor also has no intention or plan to dispose any of the Shares which would result in the Investor cease to be a controlling Shareholder within 24 months after Resumption.

PARALLEL TRADING AND TRADING ARRANGEMENT

Shareholders are reminded that parallel trading in the existing Shares and the New Shares will commence tomorrow. Further details of the parallel trading and the trading arrangement have been set out in the joint announcement dated 30 June 2010 issued by the Company and the Investor.

RESUMPTION OF TRADING

Trading in the Shares has been suspended at the request of the Company since 30 September 2005. The Board is pleased to announce that all conditions set out in the Approval Letter for the Resumption have been satisfied. The Company has made an application to the Stock Exchange for the resumption of trading in the New Shares on the GEM with effect from 9:30 a.m. on 30 July 2010.

By the order of the Board of
CREATIVE ENERGY SOLUTIONS HOLDINGS LIMITED
Wu Chun Wah
Executive Director

Hong Kong, 29 July 2010

As at the date of this announcement, the Board comprises Mr. Wu Chun Wah and Mr. Xu Bo as executive Directors and Mr. Cheong Ying Chew, Henry, Dr. Zhao Bin and Mr. Chan Sun Kwong as independent non-executive Directors.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement contained in this announcement misleading.

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