



**CREATIVE ENERGY SOLUTIONS HOLDINGS LIMITED**  
**科瑞控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8109)**

**FINAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”)  
OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK  
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*This announcement, for which the directors (the “Directors”) of the Creative Energy Solutions Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.*

\* For identification purposes only

## FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2010

The board of directors (the “Board”) of Creative Energy Solutions Holdings Limited (“the Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 June 2010 together with comparative figures for the year ended 30 June 2009 as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 30 June 2010*

	<i>Notes</i>	<b>2010</b> <b>RMB'000</b>	2009 <i>RMB'000</i>
<b>Turnover</b>	4	<b>11,659</b>	2,901
Cost of services		<u>(9,719)</u>	<u>(2,399)</u>
<b>Gross profit</b>		<b>1,940</b>	502
Other income and gain, net	4	<b>10</b>	291
Distribution costs		–	(135)
Administrative expenses		<u>(2,316)</u>	<u>(1,064)</u>
<b>Loss from operations</b>		<b>(366)</b>	(406)
Finance costs	5	<u>–</u>	<u>(1,388)</u>
<b>Loss before taxation</b>		<b>(366)</b>	(1,794)
Taxation		<u>–</u>	<u>–</u>
<b>Loss for the year</b>	7	<b>(366)</b>	(1,794)
Other comprehensive income		<u>–</u>	<u>–</u>
<b>Total comprehensive loss for the year</b>		<b><u>(366)</u></b>	<b><u>(1,794)</u></b>
<b>Attributable to:</b>			
Equity holders of the Company		<b><u>(366)</u></b>	<b><u>(1,794)</u></b>
<b>Loss per share</b>			(Restated)
Basic	9	<b><u>(4.16 cents)</u></b>	<b><u>(20.39 cents)</u></b>

# CONSOLIDATED BALANCE SHEET

As at 30 June 2010

	<i>Notes</i>	<b>2010</b> <b>RMB'000</b>	2009 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>38</b>	45
Available-for-sale financial assets		<u>—</u>	<u>—</u>
		<b>38</b>	45
<b>CURRENT ASSETS</b>			
Inventories	10	<b>459</b>	509
Trade and other receivables	11	<b>14,815</b>	13,329
Cash and cash equivalents		<u><b>639</b></u>	<u>30</u>
		<b>15,913</b>	13,868
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	<b>68,373</b>	66,696
Financial guarantee to a deconsolidated subsidiary		<b>6,874</b>	6,874
Borrowings		<b>13,637</b>	12,910
Amounts due to coupon bond holders		<u><b>22,356</b></u>	<u>22,356</u>
		<b>111,240</b>	108,836
<b>NET CURRENT LIABILITIES</b>		<u><b>(95,327)</b></u>	<u>(94,968)</u>
<b>NET LIABILITIES</b>		<u><b>(95,289)</b></u>	<u>(94,923)</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>46,640</b>	46,640
Reserves		<u><b>(141,929)</b></u>	<u>(141,563)</u>
<b>Total equity attributable to equity holders of the Company</b>		<u><b>(95,289)</b></u>	<u>(94,923)</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2010

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 July 2008	46,640	51,006	7,719	(198,494)	(93,129)
Total comprehensive loss for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,794)</u>	<u>(1,794)</u>
At 30 June 2009	46,640	51,006	7,719	(200,288)	(94,923)
Total comprehensive loss for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(366)</u>	<u>(366)</u>
At 30 June 2010	<u><u>46,640</u></u>	<u><u>51,006</u></u>	<u><u>7,719</u></u>	<u><u>(200,654)</u></u>	<u><u>(95,289)</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

## 1. GENERAL INFORMATION

Creative Energy Solutions Holdings Limited (the “Company”) is a public limited company domiciled and incorporated in Bermuda and its shares are listed on Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and have been suspended for trading on the Stock Exchange since 30 September 2005. Following completion of the Company’s Restructuring Proposal on 29 July 2010, trading of the Company’s shares on the Stock Exchange was resumed on 30 July 2010.

The Company is an investment holding company. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and principal place of business is at Room 1906, 19th floor, Hopewell Centre, No. 183 Queen’s Road East, Wanchai, Hong Kong.

The Company’s functional currency is Hong Kong dollars. The consolidated financial statements are presented in Renminbi as it is considered to be the most appropriate presentation currency in view of the Company’s past practice. All values are rounded to the nearest thousand except otherwise indicated.

## 2. BASIS OF PREPARATION

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards (“HKFRS”), which also include Hong Kong Accounting Standards (“HKAS”) and Interpretations (“Int”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) requires the use of certain critical accounting estimates. They have been prepared under the historical cost convention. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

The HKICPA has issued certain new and revised HKFRS that are first effective or available for early adoption for the current accounting period of the Group as follows:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations
HKFRS 8	Operating Segments
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 3 (Revised 2008)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers

The adoption of the above new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented except those information set out below on the significant changes in accounting policies for the current and prior accounting periods reflected in these financial statements. Accordingly, no prior period adjustment has been made.

**(a) HKAS 1 (Revised 2007) “Presentation of Financial Statements”**

As a result of the adoption of HKAS 1 (Revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expense in a revised statement of changes in equity. All other items of income and expense are presented in the income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the statement of comprehensive income. In addition, the “Cash flow statement” was renamed as the “Statement of cash flows”. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

**(b) HKFRS 7 – “Financial Instruments: Disclosures”**

As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Group’s financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

**(c) HKFRS 8 – “Operating Segments”**

HKFRS 8 requires segment disclosure to be based on the way that the Group’s chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group’s chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group’s financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group’s most senior executive management, and has resulted in additional reportable segments being identified and presented. Corresponding amounts have been provided on a basis consistent with the revised segment information.

The Group has not early adopted any new and revised HKFRS that have been issued but are not yet effective for the current year. The Group has already commenced an assessment of the impact of these new and revised HKFRS but is not yet in a position to reasonably estimate whether these new and revised HKFRS would have a significant impact on the Group’s results of operations and financial position.

### 3. SEGMENTS INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 July 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

The Board reviews the Group's internal financial reporting and other information and also obtains other relevant external information in order to assess performance and allocate resources and operating segment is identified with reference to these.

The Board considers that the business of the Group is organised in one operating segment as provision of energy saving services and sales of energy saving products. Additional disclosure in relation to segment information is not presented as the Board assesses the performance of the only operating segment identified based on the consistent information as disclosed in the consolidated financial statements.

### 4. TURNOVER, OTHER INCOME AND GAIN, NET

Turnover represents revenue arising from provision of energy saving services and sales of energy saving products. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
<b>Turnover</b>		
Provision of energy saving services and sale of energy saving products	<u>11,659</u>	<u>2,901</u>
	<b>2010</b> <i>RMB'000</i>	<b>2009</b> <i>RMB'000</i>
<b>Other income and gain, net</b>		
Net exchange gain	–	260
Others	<u>10</u>	<u>31</u>
	<u>10</u>	<u>291</u>

### 5. FINANCE COSTS

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Interest on a bank loan wholly repayable within five years	<u>–</u>	<u>1,388</u>

### 6. TAXATION

#### (i) Overseas income tax

The Company is incorporated in Bermuda and is exempted from taxation in Bermuda. The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income taxes.

**(ii) Hong Kong profits tax**

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the year ended 30 June 2010 (2009: Nil).

**(iii) PRC enterprise income tax**

No provision for PRC enterprise income tax has been made as the subsidiary has sustained a loss for the year (2009: Nil).

Reconciliation between tax expense and accounting loss at applicable tax rates:

	<b>2010</b>	2009
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Loss before taxation	<u>(366)</u>	<u>(1,794)</u>
Calculated at the applicable tax rates	(27)	(420)
Tax effect of income not taxable for taxation purposes	–	(37)
Tax effect of expenses not deductible for taxation purposes	125	56
Tax effect of unused tax losses not recognised	22	401
Tax effect of other temporary differences	<u>(120)</u>	<u>–</u>
Taxation charge	<u>–</u>	<u>–</u>

**7. LOSS FOR THE YEAR**

Loss for the year has been arrived at after charging the following:

	<b>2010</b>	2009
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Staff costs (including directors' remuneration):		
– Salaries and other benefits	279	262
– Retirement benefits scheme contributions	29	6
Depreciation of property, plant and equipment	31	46
Allowance for impairment of trade receivables	1,280	–
Operating lease rentals of premises	333	78
Auditors' remuneration	<u>311</u>	<u>351</u>

**8. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY**

Loss of RMB310,000 for the year ended 30 June 2010 (2009: loss of RMB341,000) attributable to equity holders of the Company have been dealt with in the financial statements of the Company.

## 9. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the equity holders of the Company for the year ended 30 June 2010 of approximately RMB366,000 (2009: approximately RMB1,794,000) and the weighted average number of 8,800,000\* (2009: 8,800,000\*) ordinary shares in issue in these two years.

\* *The number of ordinary shares has been adjusted as a result of the fifty-to-one share consolidation effective on 29 July 2010. The weighted average number of ordinary share issued for the year ended 30 June 2009 has been restated.*

## 10. INVENTORIES

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Consumables stores	459	456
Work in progress	—	53
	<u>459</u>	<u>509</u>

No inventories were carried at net realisable value at 30 June 2010 (2009: Nil).

The amount of inventories recognised as an expense and included in the consolidated statement of comprehensive income is RMB9,719,000 (2009: RMB2,399,000).

## 11. TRADE AND OTHER RECEIVABLES

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Trade receivables ( <i>note a</i> )	10,377	7,045
<i>Less:</i> Allowance for impairment	<u>(1,280)</u>	<u>(862)</u>
	<u>9,097</u>	<u>6,183</u>
Other receivables ( <i>note b</i> )	5,609	32,112
<i>Less:</i> Allowance for impairment	<u>—</u>	<u>(25,075)</u>
	<u>5,609</u>	<u>7,037</u>
	<b>14,706</b>	<b>13,220</b>
Deposits	81	79
Prepayments	<u>28</u>	<u>30</u>
	<u><b>14,815</b></u>	<u><b>13,329</b></u>

*Note a:* The credit period granted by the Group to its customers is generally 90 days. The ageing analysis of trade receivables is as follows:

	<b>2010</b>	2009
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	7,446	1,173
1 to 3 years	30	30
Over 3 years	<u>2,901</u>	<u>5,842</u>
	<b><u>10,377</u></b>	<b><u>7,045</u></b>

The movements on the allowance for impairment of trade receivables of the Group are as follows:

	<b>2010</b>	2009
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
At beginning of the year	862	862
Impairment loss recognised	1,280	–
Uncollectible amounts written off	<u>(862)</u>	<u>–</u>
At end of the year	<b><u>1,280</u></b>	<b><u>862</u></b>

At 30 June 2010, trade receivables of RMB1,651,000 (2009: RMB5,510,000) were past due but not impaired. The ageing analysis of these receivables are as follows:

	<b>2010</b>	2009
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	–	500
1 to 3 years	–	30
Over 3 years	<u>1,651</u>	<u>4,980</u>
	<b><u>1,651</u></b>	<b><u>5,510</u></b>

*Note b:* As at 30 June 2010, other receivables of RMB5,609,000 were past due but not impaired. The amounts of other receivables of RMB25,075,000 brought forward from previous years were past due and full amount of impairment had been made previously. After taking the advice from the Company's PRC lawyers, the directors of the Company considered that the recoverability of these receivables was remote and the whole amount was written off during the year.

## 12. TRADE AND OTHER PAYABLES

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Trade payables ( <i>note a</i> )	8,936	4,503
Other payables and accruals ( <i>note a and b</i> )	11,010	13,766
Amounts due to the deconsolidated subsidiaries ( <i>note b</i> )	<u>48,427</u>	<u>48,427</u>
	<u><u>68,373</u></u>	<u><u>66,696</u></u>

The ageing analysis of trade payables is as follows:

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Within 1 year	6,967	1,336
Over 1 year	<u>1,969</u>	<u>3,167</u>
	<u><u>8,936</u></u>	<u><u>4,503</u></u>

*Note a:* After the balance sheet date and upon the completion of the Schemes of Arrangement, the amounts due to Scheme Creditors of approximately of RMB5,486,000 as included in the trade payables, other payables and accruals will be discharged and waived.

*Note b:* Included in other payables and accruals and the amounts due to the deconsolidated subsidiaries of RMB5,132,000 and RMB48,427,000 respectively will also be treated as wholly and irrevocably discharged and released according to the Schemes of Arrangement subsequent to the balance sheet date.

### **13. EVENTS AFTER THE BALANCE SHEET DATE**

After the balance sheet date, the following events were taken place:

On 17 August 2009, the Company, the Liquidators and the Investor entered into the Restructuring Agreement and the Subscription Agreement for the implementation of the Restructuring Proposal. The Restructuring Proposal comprises the Capital Reorganisation, the Subscription, the Debt Restructuring and the Group Reorganisation. Details of the Restructuring Proposal are disclosed in “Restructuring of the Group and key events after the appointment of the Liquidators”.

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 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.

On 23 July 2010, the Company held a special general meeting (the “SGM”) and all the resolutions set out in the notice of the SGM dated 30 June 2010 in relation to the Restructuring Proposal were duly passed by the shareholders attending and eligible to vote by way of poll at the SGM.

On 29 July 2010, all the Conditions set out in the Approval Letter issued by the Stock Exchange have been fulfilled and the Liquidators were also released. The above Restructuring Proposal was also completed on that date. Details are set out in the Company’s announcement dated 29 July 2010.

The Company has submitted its application to the Stock Exchange for approval to resume of trading in the shares on the Stock Exchange on 30 July 2010.

# AN EXTRACT OF AUDITORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

## Basis for disclaimer of opinion

### **1. Comparative figures**

The comparative figures in the current year's consolidated financial statements are derived from the financial statements for the year ended 30 June 2009 which contained a disclaimer of opinion due to the significance of the possible effects of the limitations on the scope of our audit and the material uncertainty in relation to a going concern, details of which are set out in our report dated 3 May 2010. We were unable to carry out necessary audit procedures to obtain adequate assurance on the preceding year's figures. Accordingly, we were unable to express an opinion on the comparative figures appearing in the current year's consolidated financial statements. We have not been able to ascertain whether the comparative figures will have any effect on the current year's balance sheet and profit or loss items.

### **2. Deconsolidation of subsidiaries**

As detailed in note to the consolidated financial statements, certain subsidiaries were deemed to be disposed of by the Group due to the loss of control since 1 July 2007 and have been deconsolidated from the financial statements for the year ended 30 June 2010. No sufficient evidence has been provided to satisfy ourselves that the Company had lost control of these subsidiaries, therefore we are unable to comment on whether these subsidiaries should be excluded from the current year's consolidated financial statements. This caused us to qualify our audit opinion in the financial statements for the year ended 30 June 2009. Any adjustment that would be required may have a consequential significant effect on the net liabilities of the Group as at 30 June 2010 and loss attributable to the equity holders for the year then ended.

### **3. Amounts due to the deconsolidated subsidiaries**

No direct confirmation and other sufficient evidence have been received by us up to the date of this report in respect of the amounts due to the deconsolidated subsidiaries totaling approximately RMB48,427,000 as shown in the note to the consolidated financial statements.

## **Disclaimer of opinion: disclaimer on view given by financial statements**

Because of the significance of the possible effect of the limitations in evidence available to us as set out in the basis for disclaimer opinion paragraphs, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 30 June 2010 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL RESULTS**

The net loss of the Group attributable to shareholders for the year ended 30 June 2010 was approximately RMB366,000 which was substantially reduced by about 80% as compared with net loss of approximately RMB1,794,000 in the year 2009. The net loss was mainly attributable to the increase in impairment losses on trade receivables of RMB1,280,000 during the year under review.

For the financial year ended 30 June 2010, the Group recorded a turnover of RMB11,659,000 representing an increase of about four times of the turnover of RMB2,901,000 recorded in the previous financial year. The turnover mainly comprises the provision of repairing and maintenance services under the existing contracts and provision of energy saving services and system design and integration services and sale of energy saving products to new customers explored during the period under review.

### **FINANCIAL POSITION**

Financial position of the Group for the fiscal year ended 30 June 2010 has not much improved until the restructuring of the Group was effective on 29 July 2010. As at 30 June 2010, the net current liabilities of the Group was RMB95,327,000 which was slightly increased as compared to approximately RMB94,968,000 as at 30 June 2009.

## **RESTRUCTURING OF THE GROUP AND KEY EVENTS AFTER THE APPOINTMENT OF THE LIQUIDATORS**

Prior to the appointment of the Liquidators, on 24 November 2006 the Stock Exchange informed the Company that if the Company has not submitted a viable resumption proposal on or before 23 May 2007, the Stock Exchange intended to cancel the listing of the Company on the expiry of the said date.

On 3 May 2007, the Liquidators were appointed and they worked together with Million Sino Investments Limited (the “Investor”) and submitted a resumption proposal immediately after their appointment.

On 9 May 2007, the Liquidators, on behalf of the Company, submitted the first resumption proposal to the Stock Exchange for the purpose of fulfilling Rule 9.15 of GEM Listing Rules and the same was further revised and submitted to the Listing Committee on 2 February 2009.

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 other things, the capital reorganisation of the share capital of the Company, the subscription of new Shares (the “Subscription”) by the Investor, the schemes of arrangement under the Hong Kong Law and Bermuda Law between the Company and its creditors (the “Schemes”) and the restructuring of the corporate structure of the Group (collectively, the “Restructuring Proposal”), subject to the satisfaction of the following conditions on or before 5 August 2009 (which was subsequently extended to 30 June 2010 and 31 August 2010 respectively):

On 17 August 2009, the Company, the Liquidators and the Investor entered into the restructuring agreement and the subscription agreement for the implementation of the Restructuring Proposal which comprises of capital reorganisation, subscription of new shares of the Company, debt restructuring and the Group reorganisation.

On 24 September 2009, a special general meeting of the Company was convened in order to (i) appoint executive directors of the Company; and (ii) appoint auditors of the Company. The purpose of this SGM is solely for facilitating the implementation of the Restructuring Proposal. However, the validity and ownership of certain voting shares of the Company is in question and the Liquidators had conducted investigation on the ownership of the shares and reported to the relevant regulators.

On 31 December 2009, the Company, the Liquidators and the Investor entered into a supplemental restructuring agreement and a supplemental subscription agreement which extended the long stop dates of the same to 30 June 2010 (which was subsequently extended to 31 August 2010).

On 30 January 2010, a further special general meeting of the Company was convened and Mr. John Howard Batchelor, Mr. Cheng Chi Ho, Mr. Chow Wai Shing Daniel and Mr. Yeung Ka Wing were appointed as executive directors of the Company on 30 January 2010.

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.

On 23 July 2010, all resolutions connected with the Restructuring Proposal were duly passed at special general meeting.

On 29 July 2010, all the conditions set out in the Approval Letter issued by the Stock Exchange have been fulfilled of which were set out below and the Liquidators were also released. The Company has submitted its application to the Stock Exchange for approval to resume of trading in the shares on the Stock Exchange on 30 July 2010.

- (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.

## **CHANGE IN BOARD, REMEDIES ON NON-COMPLIANCE WITH THE GEM LISTING RULES AND RESUMPTION OF TRADING IN THE COMPANY'S SHARES**

Mr. Shum Fong Chung, Ms. Lin Rong Yin, Mr. Shi Jian Hui and Ms. To Sin Ning have been removed as the directors of the Company upon the Completion of the above Restructuring Proposal. Meanwhile Mr. John Howard Batchelor, Mr. Cheng Chi Ho, Mr. Chow Wai Shing Daniel and Mr. Yeung Ka Wing, resigned as executive directors and were replaced by Mr. Wu Chun Wah and Mr. Xu Bo. Three independent non-executive directors, Mr. Cheong Ying Chew Henry, Dr. Zhao Bin and Mr. Chan Sun Kwong are also appointed on the same date. The two executive directors and three independent directors formed the new Board of directors on 29 July 2010.

With effect from 29 July 2010, the audit committee and the remuneration committee have been formed. The three independent non-executive directors have been appointed as members of the audit committee. Mr. Xu Bo together with the three Independent non-executive directors have been appointed as members of the remuneration committee. On the same date, the Company has made submission to the Stock Exchange to demonstrate, among other things announced by the Company on 29 July 2010, (i) the Company has strengthen the composition of the Board, (ii) the Company has taken necessary step to improve its internal control system and (iii) the Company has rectified those deviations stipulated from non-compliance of GEM Listing Rules. On 30 July 2010, the trading in shares of the Company in the Stock Exchange has been resumed.

## **BUSINESS REVIEW**

The Company acts as an investment holding company and the Group is principally engaged in the provision of energy efficiency solutions and engineering consulting services in the People's Republic of China ("PRC") including Hong Kong.

## **PROSPECTS**

It is anticipated that the financial position of the Group will be substantially improved upon the completion of the proposed restructuring of the Group as contemplated under such agreement. According to the restructuring, all existing liabilities owed to the creditors of the Company will be compromised and discharged through a proposed Hong Kong and Bermuda schemes of arrangement.

Upon completion of the restructuring, the Group will remain its principal business engagement of existing energy and engineering consulting business, currently conducted through Beijing Creative Easy Union Science & Technology of Saving Development Co. Limited, an indirect wholly-owned subsidiary of the Company and which is currently the only operating subsidiary of the Company.

The Group will continuously devote great efforts in promoting the provision of total solutions of energy saving management and other related services in PRC including Hong Kong. In the coming years, the Group will allocate resources in support of research and development in improvement and upgrading of the application and efficiency of its proprietary EMS solutions SAVIN 2000 series and development of new SAVIN 2000 product series. With the increasing demand of energy saving management solution, the business outlook of the Group is promising.

## **LIQUIDITY, FINANCIAL RESOURCES AND FUNDING**

Bank balances and cash as at 30 June 2010 was approximately RMB0.64 million (2009: RMB0.03 million). The Group's gearing ratio for the year ended 30 June 2010 was not applicable as the Group had shareholders' deficit as at 30 June 2010 (2009: N/A). The Group's gearing ratio is calculated on the basis of dividing the Group's total bank borrowings by the Group's shareholders' funds.

## **FOREIGN CURRENCY EXPOSURE**

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollar and Renminbi. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## **CORPORATE GOVERNANCE**

The Company's code on corporate governance practices was adopted by reference to the provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 of the GEM Listing Rules. However, due to the severe financial difficulties of the Group and the prolonged suspension in trading of the shares of the Company on the Stock Exchange, the directors are unable to comment as to whether the Company has complied with the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the year ended 30 June 2010.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

Trading in the securities of the Company has been suspended since 30 September 2005 and Directors are of the opinion that since the date of securities trading suspension, the code set out in the Rules 5.46 to 5.68 of the GEM Listing Rules for securities transactions by Directors during the years ended 30 June 2010 is not applicable.

## **DIVIDENDS**

No dividend has been paid or declared by the Company during the years ended 30 June 2010 (2009: Nil).

## **THE AUDIT COMMITTEE**

Since 29 July 2010, the Company has established an audit committee (the “Audit Committee”) with written terms of reference aligned with the Provisions of the CG Code. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Chan Sun Kwong (as chairman), Mr. Cheong Ying Chew, Henry, and Dr. Zhao Bin.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2010, the Group had 12 full-time employees. Employee remuneration for the year ended 30 June 2010 was approximately RMB279,000 (2009: approximately RMB262,000).

The remuneration policy for the employees of the Group is based on their respective merit, qualifications and competence and prevailing market conditions.

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

Hong Kong, 27 September 2010

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

*This announcement will remain on the “Latest Company Announcement” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of this posting and on the website of the Company at <http://www.hklistedco.com/8109.asp>.*