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

(Incorporated in the Bermuda with limited liability)
(Stock code: 8109)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2011

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 announcement misleading.

* *For identification purposes only*

FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2011

The board (the "Board") of directors (the "Directors") 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 2011 together with comparative figures for the year ended 30 June 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	Notes	**2011** *RMB'000*	2010 *RMB'000*
Turnover	*4*	**13,271**	11,659
Cost of sales		**(12,178)**	(9,719)
Gross profit		**1,093**	1,940
Other income		**9**	10
Gain on debt restructuring	*5*	**89,475**	—
Distribution costs		**(519)**	—
Administrative expenses		**(13,847)**	(2,316)
Profit/(loss) before taxation		**76,211**	(366)
Taxation	*6*	**—**	—
Profit/(loss) for the year	*7*	**76,211**	(366)
Other comprehensive income			
Exchange difference arising from translation of financial statements		**(1,806)**	—
Total comprehensive income/(expense) for the year		**74,405**	(366)
Attributable to:			
Equity holders of the Company		**74,405**	(366)
Earnings/(loss) per share			
Basic and diluted	*9*	**46.71 cents**	(4.16 cents)

CONSOLIDATED BALANCE SHEET

As at 30 June 2011

	Notes	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**255**	38
Available-for-sale financial assets		**—**	—
		255	38
CURRENT ASSETS			
Inventories	*10*	**173**	459
Trade and other receivables	*11*	**19,476**	14,815
Cash and cash equivalents		**24,103**	639
		43,752	15,913
CURRENT LIABILITIES			
Trade and other payables	*12*	**16,643**	68,373
Financial guarantee to a deconsolidated subsidiary		**—**	6,874
Borrowings		**790**	13,637
Amounts due to coupon bond holders		**—**	22,356
		17,433	111,240
NET CURRENT ASSETS/(LIABILITIES)		**26,319**	(95,327)
NET ASSETS/(LIABILITIES)		**26,574**	(95,289)
CAPITAL AND RESERVES			
Share capital		**7,774**	46,640
Reserves		**18,800**	(141,929)
Total equity attributable to equity holders of the Company		**26,574**	(95,289)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	Share capital *RMB'000*	Share premium *RMB'000*	Share option reserve *RMB'000*	Translation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 July 2009	46,640	51,006	—	7,719	(200,288)	(94,923)
Total comprehensive expense for the year	—	—	—	—	(366)	(366)
At 30 June 2010	46,640	51,006	—	7,719	(200,654)	(95,289)
Capital reduction	(46,174)	—	—	—	46,174	—
Issue of shares	7,308	35,076	—	—	—	42,384
Equity-settled share-based payments	—	—	5,074	—	—	5,074
Profit for the year	—	—	—	—	76,211	76,211
Exchange difference arising from translation of financial statements	—	—	—	(1,806)	—	(1,806)
At 30 June 2011	7,774	86,082	5,074	5,913	(78,269)	26,574

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2011

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 the 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. The address of its principal place of business is Room 1903-04, 19/F., Cosco Tower, 183 Queen's Road Central, Hong Kong commencing from 11 October 2010. Before the removal, the principal place of business was located at Room 1906, 19/F., Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong.

Immediately upon the completion of the Company's Restructuring Proposal, the Group is controlled by Million Sino Investments Limited (the "Investor"), which is incorporated in the British Virgin Islands and owned 72.19% of the Company's shares as at 30 June 2011 and became the ultimate holding company of the Company.

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 when otherwise indicated.

2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS

The preparation of consolidated 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, are disclosed as follows:

(i) Impairment on interests in subsidiaries

The Group carries out assessment on the recoverability of its interests in subsidiaries, by reference to the financial situation and the operation of the subsidiaries. This requires the use of judgement and estimates. When the actual result is different from the original estimate, such difference will impact the carrying value of the interests in subsidiaries and impairment expense or reversal of impairment for the year.

(ii) Allowance for impairment of bad and doubtful debts

The Group performs ongoing credit evaluations of its debtors and adjusts credit limits based on payment history and the debtor's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its debtors and maintains a provision for estimated credit losses based upon its historical experience and any specific debtors collection issues that it has been identified. The Group will continue to monitor the collections from debtors and maintain an appropriate level of estimate credit losses.

(iii) Impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 on determining when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of such financial asset is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

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. The information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements is as follows:

HKFRS (Amendments)	Improvements to HKFRS issued in 2009
HKFRS (Amendments)	Improvements to HKFRS issued in 2010 in relation to the amendments to HKFRS 3 (as revised in 2008), HKAS 1, HKAS 27 and HKAS 28
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendments)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK(Int) 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause

The application of these new and revised HKFRS has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

3. SEGMENTS INFORMATION

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.

The total segment income is equivalent to total comprehensive income for the year as shown in the consolidated statement of comprehensive income and the total segment assets are equivalent to the sum of current and non-current assets and the total segment liabilities are equivalent to the current liabilities as shown in the consolidated balance sheet. Consequently, no operating segment analysis is presented.

As all the Group's revenue and business activities are conducted in the PRC, analysis of the Group's turnover and results as well as analysis of the Group's carrying amount of segment assets and additions to property, plant and equipment by geographical market has not been presented.

4. TURNOVER

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

	2011	2010
	RMB'000	*RMB'000*
Turnover		
Provision of energy saving services and sales of energy saving products	**13,271**	11,659

5. GAIN ON DEBT RESTRUCTURING

	2011	2010
	RMB'000	*RMB'000*
Gain on debts waived	**100,798**	—
Restructuring cost	**(11,323)**	—
	89,475	—

Gain on debts waived of approximately RMB100,798,000 represented indebtedness discharged upon the completion of Debt Restructuring.

As most of the former accounting personnel and former directors had left the Group on or before the completion of Debt Restructuring, the directors were unable to obtain sufficient documentary information to satisfy themselves as to whether the gain on debts waived for the year ended 30 June 2011 was fairly stated.

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 the British Virgin Islands income taxes. The Company's subsidiary established in the Republic of Seychelles is exempted from payment of the Republic of Seychelles income tax.

(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 2011 (2010: Nil).

(iii) PRC enterprise income tax

No provision for PRC enterprise income tax has been made as the PRC subsidiaries have no assessable profits for the year (2010: Nil).

Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	2011	2010
	RMB'000	*RMB'000*
Profit/(loss) before taxation	**76,211**	(366)
Calculated at the applicable tax rates	**13,722**	(27)
Tax effect of income not taxable for taxation purposes	**(16,263)**	—
Tax effect of expenses not deductible for taxation purposes	**1,603**	125
Tax effect of unused tax losses not recognised	**197**	22
Tax effect of other temporary differences	**741**	(120)
Taxation charge	**—**	—

7. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year has been arrived at after charging the following:

	2011	2010
	RMB'000	*RMB'000*
Staff costs (including directors' remuneration):		
— Salaries and other benefits	**2,453**	279
— Retirement benefits scheme contributions	**54**	29
— Equity-settled share-based payments	**5,074**	—
	7,581	308
Depreciation of property, plant and equipment	**85**	31
Allowance for impairment of trade receivables	**3,756**	1,280
Loss on disposal of property, plant and equipment	**15**	—
Operating lease rentals of premises	**791**	333
Auditors' remuneration	**314**	311

8. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit of RMB67,529,000 for the year ended 30 June 2011 (2010: loss of RMB310,000) attributable to equity holders of the Company has been dealt with in the financial statements of the Company.

9. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the earnings/(loss) attributable to the equity holders of the Company for the year ended 30 June 2011 of approximately RMB76,211,000 (2010: loss of approximately RMB366,000) and the weighted average number of 163,173,698 (2010: 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.

No adjustment has been made to the basic earnings per share amount presented for the year ended 30 June 2011 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

The diluted loss per share for the year ended 30 June 2010 is the same as the basic loss per share as the potential ordinary shares are anti-dilutive.

10. INVENTORIES

	2011	2010
	RMB'000	*RMB'000*
Consumables stores	**173**	459

No inventories were carried at net realisable value at 30 June 2011 (2010: Nil).

The amount of inventories recognised as an expense and included in the consolidated statement of comprehensive income is RMB12,178,000 (2010: RMB9,719,000).

11. TRADE AND OTHER RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables *(note a)*	**19,770**	10,377
Less: Allowance for impairment	**(2,905)**	(1,280)
	16,865	9,097
Other receivables *(note b)*	**2,398**	5,609
	19,263	14,706
Deposits	**152**	81
Prepayments	**61**	28
	19,476	14,815

The directors considered that the carrying amount of trade and other receivables approximates to their fair value.

(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:

	2011	2010
	RMB'000	*RMB'000*
Within 1 year	**10,358**	7,446
1 to 2 years	**6,507**	—
Over 2 years	**2,905**	2,931
	19,770	10,377

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

	2011	2010
	RMB'000	*RMB'000*
At beginning of the year	**1,280**	862
Impairment loss recognised	**3,756**	1,280
Uncollectible amounts written off	**(2,131)**	(862)
At end of the year	**2,905**	1,280

At 30 June 2011, trade receivables of RMB9,381,000 (2010: RMB1,651,000) were past due but not impaired. The ageing analysis of these receivables are as follows:

	2011	2010
	RMB'000	*RMB'000*
Within 1 year	**2,874**	—
1 to 2 years	**6,507**	—
Over 2 years	**—**	1,651
	9,381	1,651

(Note b) As at 30 June 2011, other receivables of RMB2,398,000 (2010: RMB5,609,000) were past due but not impaired.

12. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables *(note a)*	**15,509**	8,936
Other payables and accruals *(notes a and b)*	**1,134**	11,010
Amounts due to deconsolidated subsidiaries *(note b)*	**—**	48,427
	16,643	68,373

The ageing analysis of trade payables is as follows:

	2011	2010
	RMB'000	*RMB'000*
Within 1 year	**11,266**	6,967
Over 1 year	**4,243**	1,969
	15,509	8,936

(Note a) Upon the completion of the Schemes of Arrangement during the year, the amounts due to Scheme Creditors of approximately of RMB5,486,000 as included in the trade payables, and other payables and accruals were discharged and waived.

(Note b) Included in other payables and accruals and the amounts due to deconsolidated subsidiaries of RMB5,132,000 and RMB48,427,000 respectively were also treated as wholly and irrevocably discharged and released according to the Schemes of Arrangement during the year.

AN EXTRACTS OF AUDITORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

Basis for qualified opinion

1. Our report on the consolidated financial statements of the Group for the year ended 30 June 2010 was disclaimed in view of the pervasive nature of the limitations on the scope of our audit resulting from insufficiency of supporting documentation and explanations. Accordingly, we were unable to form an opinion as to whether the net liabilities of the Group as at 30 June 2010 and the results and cash flows and the related disclosures in the notes to the consolidated financial statements of the Group for the year ended 30 June 2010 were fairly stated.

   Any adjustments found to be necessary to the opening balances as at 1 July 2010 may affect the net assets of the Group as at 30 June 2011 and the results and cash flows and the related disclosures in the notes to the consolidated financial statements of the Group for the year ended 30 June 2011. Also the comparative figures in respect of the net liabilities of the Group as at 30 June 2010 and the results and cash flows and the related disclosure in the notes to the consolidated financial statements of the Group for the year ended 30 June 2010 may not be comparable with the figures for the current year.

2. As set out in note 10 to the consolidated financial statements, the directors have been unable to obtain sufficient documentary evidence to satisfy themselves as to whether the gain on debts waived of approximately RMB100,798,000 arising from the Debt Restructuring carried out by the Company during the year and included in the profit of the Group for the year ended 30 June 2011 was fairly stated.

3. Certain subsidiaries were disposed of according to the Debt Restructuring scheme carried out by the Company during the year. The directors were unable to obtain sufficient information to include the results of these subsidiaries up to the date of their disposals in the consolidated financial statements. Accordingly the directors were unable to satisfy themselves as to the truth and fairness of the gain or loss on disposal of these subsidiaries so included in the consolidated financial statements.

There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the matters set out in the above paragraphs. Any adjustments to the above figures may affect the profit and cash flows and related notes to the consolidated financial statements of the Group for the year ended 30 June 2011.

Qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2011 and of the Group's profit and cash flows 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The following sections provide a detail review and analysis of the results and segmental performance of the Group for the year ended 30 June 2011.

FINANCIAL 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 (the "PRC") including Hong Kong.

The Group's turnover for the year ended 30 June 2011 was approximately RMB13,271,000, representing a 13.8 % increase as compared with the corresponding year (2010: approximately RMB11,659,000). The Group recorded a net profit attributable to equity holders of the Company of approximately RMB74,405,000 for the year ended 30 June 2011, as compared with a loss of approximately of RMB366,000 of the corresponding year. The net profit was mainly attributable to the gain on debt restructuring of approximately RMB89,475,000 which was effective on 29 July 2010, net off by cost of equity-settled share-based payments of approximately RMB5,074,000 in relation to share options granted by the Company on 2 June 2011. Save and except for the effect of gain on debt restructuring and cost of equity-settled share-based payments, the Group incurred a loss of approximately RMB9,996,000 from its operation. Due to gain on debt restructuring, the basic earnings per share was increased to RMB46.71 cents for the year ended 30 June 2011 (2010: loss of RMB4.16 cents).

FINANCIAL POSITION

The financial position was significantly improved upon completion of restructuring on 29 July 2010. As at 30 June 2011, the net current assets of the Group was approximately RMB26,319,000 as compared with the corresponding year of net current liabilities of approximately RMB95,327,000.

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

On 24 November 2006, the Stock Exchange informed the Company that if a viable resumption proposal could not be submitted by the Company 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, Mr. Desmond Chung Seng Chiong and Mr. Roderick John Sutton, both of Ferrier Hodgson Limited, as joint and several liquidators (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 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):

The Board is pleased to announce that on 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 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 Ying, Mr. Shi Jian Hui and Ms. To Sin Ning have been removed as the Directors 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. Mr. Chan Sun Kwong resigned as independent non-executive Director on 28 November 2010 and Mr. Leung Heung Ying was appointed as independent non-executive director on the same date.

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 was resumed.

BUSINESS REVIEW

Upon completion of restructuring and subscription of new shares in the Company on 29 July 2010, the Group turned a new page and continues in pursuit of its objective of being a leading energy efficiency technologies solutions provider in China. With proven track record in the market, experienced and professional technical team, research and development capability and strengthened financial position, the Group has pushed forward its business development plan with satisfactory progress.

During the financial year under review, the Group has put great efforts in upgrading the existing products and energy saving technologies with the introduction of new series of SAVIN 3000 in substitution of the existing SAVIN 2000 series. The Group has obtained three patents application endorsements for proprietary EMS solutions from China State Intellectual Property Office. To expand its market coverage and sales network, the Group has built up a capable sales team and an agency system for appointment of one agent for each geographical location or sector. For the financial year under review, the Group has entered into several agency contracts and built up business connections with large industrial companies in major cities in China.

To enhance its competitive advantages, the Group has refined its business strategy by redefining its product and market structure as well as integrating its technologies and expertise. As a energy efficiency total solutions service provider, the Group precisely categories its business scopes into three core areas: environmental energy efficiency, operation process efficiency and recycle energy.

In addition to its existing energy efficiency technology in ventilation and air-conditioning system, the Group broadened its environmental energy efficiency solutions to greening lighting by providing the various sources of lighting devices and controlling system. The Group has successfully undertaken several energy saving illumination projects from energy audit, design, procurement, installation to controlling and monitoring. In operation process efficiency solutions, the Group applied its patented technology in providing total solutions in energy saving controlling system for operation facilities in industrial projects. During the year under review, the Group has participated in several energy efficiency enhancement projects of large industrial companies. To cope with the recent market demand and complement to existing energy efficiency total solutions services, the Group has allocated resource to make use of its existing research and development capability in developing recycle energy technology and system. Recycle energy technology involves energy recovery process of converting waste energy produced during production process it into electricity or thermal energy.

After implementation of agency system and strengthening of sales forces, the Group has expanded its market coverage to Beijing, Shandong, Hebei, Guangdong, Jiangsu and other major PRC cities. With the assistance of the agents and sales forces, the Group further diversified from mainly commercial clients to industrial companies and infra-structure related companies. The refined business strategy enables the Group to gain momentum and capture market opportunities for driving rapid future business growth. The Group's refined business strategy was proven to be success as evidenced by the result that 67% of the annual turnover was generated from the second half of the Reporting Period.

PROSPECTS

In March 2011, the PRC government announced and released its Twelfth Five-year plan which particularly mentioned the climate change and environment protection in addition to energy issue. The plan clearly defined energy and CO_2 emissions targets facilitating PRC government in administrating and implementing its energy policies. In response to the government's increased concern about environmental protection and energy efficiency issues, there are upsurge of demand in energy efficiency solutions. Being an active player and one of the pioneers in the energy efficiency solutions services providers, the Group should be benefitted from the encouraging government policy and increasing market needs hence the business outlook of the Group is promising.

Look forward in the coming year, the Group is confident that the refined business strategy is able to grasp the market opportunities in increasing need and demand of energy efficiency solutions facing the keen competitive environment. The Group will continue to dedicate good efforts in technology enhancement and products development by virtue of its enthusiastic and capable research and development team. The Group will continuously expand its market coverage and business connections by widening its agency network. The Group is also looking for appropriate investment opportunities in energy saving industry. Besides, the Group is also committed to devote efforts in contributing to the environment protection through procurement of advanced and effective energy efficiency solutions to our society and generating reasonable earnings to maximize returns to shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

After the injection of new capital in July 2010, the Company's financial position has improved substantially. Cash and bank balances as at 30 June 2011 was approximately RMB24,103,000 (2010: approximately RMB639,000). As at 30 June 2011, the Group's current ratio was 2.5, comprised current assets of approximately RMB43,752,000 and current liabilities of approximately RMB17,433,000. The gearing ratio was approximately 66% as at 30 June 2011, which was computed as current liabilities divided by total equity.

CAPITAL COMMITMENTS

As at 30 June 2011, the Group did not have any capital commitments.

CONTINGENT LIABILITIES

As at 30 June 2011, the Directors did not aware of any material contingent liabilities.

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 Renminbi and Hong Kong dollars. 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.

EMPOLYEES AND REMUNERATION POLICIES

As at 30 June 2011, the Group had 21 (2010: 12) full-time employees. Staff costs for the Reporting Period was approximately RMB7,581,000 (2010: approximately RMB308,000).

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

CORPORATE GOVERNANCE

The Board of Directors ("Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions of the Code on Corporate Governance Practices ("Code on CG Practices") as set out in Appendix 15 to the Rules ("GEM Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") since completion of restructuring on 29 July 2010.

During the period from 1 July 2010 to 28 July 2010, the Company was in liquidation and was under the control and supervision of the liquidators. Members of the current Board were appointed on 29 July 2010. Hence, the Board was unable to comment as to whether the Company has complied with the CG Code throughout the period from 1 July 2010 to 28 July 2010. The underlying content of the corporate governance report was prepared by the current Board based upon its best knowledge and information obtained for the Company's shareholders' reference only.

After 29 July 2010, the Company is in compliance with the CG Code contained in Appendix 15 of the GEM Listing Rules and the Code Provisions save for the deviation from the provision A4.1 of the Code Provisions, the Code provision A4.1 provides that non-executive directors should be appointed for specific term, subject to re-election. The Company has deviated from the provision in that all independent non-executive directors are not appointed for specific term. They are, however, subject to retirement by rotation and re-election. The reason for the deviation is that the Company does not believe that arbitrary limits on term of non-executive directorship are appropriate given that Directors ought to be committed to representing the long time interest of the Company's shareholders and the retirement and re-election requirements of Independent Non-executive Directors have given the Company's shareholders the right to approve continuation of Independent Non-executive Directors' offices.

COMPLIANCE WITH THE REQUIRED STANDARD FOR SECURITIES TRANSACTIONS BY DIRECTORS

Trading in the securities of the Company was still suspended during the year for the period from 1 July 2010 to 29 July 2010. The trading of shares of the Company in the Stock Exchange was resumed on 30 July 2010. Hence, the Board was unable to comment as to whether the Company has complied with the code provisions set out in the Rules 5.48 to 5.67 throughout the period from 1 July 2010 to 29 July 2010.

Effective from 30 July 2010, the Company has adopted a code of conduct on terms set out in the standard of dealings ("Standard Dealings") contained in Rule 5.48 to Rule 5.67 of the GEM Listing Rules regarding securities transactions by Directors. Upon specific enquiries by the Company, all Directors confirmed that they have fully complied with the Standard Dealings.

DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 30 June 2011 (2010: Nil).

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 Code on Corporate Governance Practices ("CG Code"). The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Leung Heung Ying, Mr. Cheong Ying Chew, Henry and Dr. Zhao Bin. The Company's annual results for the year ended 30 June 2011 have been reviewed by the Audit Committee of the Company.

By Order of the Board
Creative Energy Solutions Holdings Limited
Wu Chun Wah
Executive Director

Hong Kong, 28 September 2011

As at the date of this announcement, the Board comprises of Mr. Xu Bo, and Mr. Wu Chun Wah as executive director; Mr. Cheong Ying Chew, Henry, Mr. Leung Heung Ying and Dr. Zhao Bin as independent non-executive directors.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.hklistedco.com/8109.asp.