

INTERIM REPORT 2008



Creative Energy Solutions Holdings Limited
科瑞控股有限公司

(Incorporated in Bermuda with limited liability)
(In Liquidation)
(Stock Code: 8109)

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET 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.

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INTERIM RESULTS FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2008

The Joint and Several Liquidators and the Directors of Creative Energy Solutions Holdings Limited (In Liquidation) (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 31st December, 2008 together with the comparative unaudited consolidated figures for the corresponding periods in 2007, as set out below:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2008

		Three months ended 31st December,		Six months ended 31st December,	
	Note	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Turnover	5	89	6,465	729	8,747
Cost of services		(21)	(6,298)	(546)	(8,444)
Gross profit		68	167	183	303
Other income and gains, net		(20)	442	302	612
Distribution costs		(8)	(109)	(107)	(206)
General and administrative expenses		(160)	(175)	(475)	(506)
Inventories written off		-	-	-	(2,088)
Provision for financial guarantees to a deconsolidated subsidiary		-	-	-	(6,874)
Loss on deconsolidation of subsidiaries, net		-	-	-	(4,874)
(Loss)/profit from operations		(120)	325	(97)	(13,633)
Finance costs		(355)	(354)	(709)	(708)
Loss before taxation	6	(475)	(29)	(806)	(14,341)
Taxation	7	-	-	-	-
Loss for the period		(475)	(29)	(806)	(14,341)
Minority interests		-	-	-	-
Loss attributable to shareholders		(475)	(29)	(806)	(14,341)
Loss per share					
Basic	8(a)	(0.11) cents	(0.01) cents	(0.18) cents	(3.26) cents

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER, 2008

		31st December, 2008	30th June, 2008
		(Unaudited)	(Audited)
	<i>Note</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		63	91
Goodwill		-	-
Available-for-sale financial assets		-	-
		<u>63</u>	<u>91</u>
CURRENT ASSETS			
Inventories		786	866
Trade and other receivables	<i>9</i>	11,553	12,040
Cash and bank balances		92	944
		<u>12,431</u>	<u>13,850</u>
CURRENT LIABILITIES			
Trade and other payables	<i>10</i>	64,394	64,749
Provision for financial guarantees to a deconsolidated subsidiary		6,874	6,874
Borrowings		12,805	13,091
Coupon bonds		22,356	22,356
		<u>106,429</u>	<u>107,070</u>
NET CURRENT LIABILITIES		<u>(93,998)</u>	<u>(93,220)</u>
NET LIABILITIES		<u>(93,935)</u>	<u>(93,129)</u>
CAPITAL AND RESERVES			
Capital		46,640	46,640
Reserves	<i>11</i>	(140,575)	(139,769)
Total equity attributable to equity holders of the Company		<u>(93,935)</u>	<u>(93,129)</u>

**CONDENSED CONSOLIDATED STATEMENT IN CHANGES IN EQUITY
(UNAUDITED)**

FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2008

	Share capital	Share premium	Merger reserve <i>(note 11 (i))</i>	General reserve fund <i>(note 11 (ii))</i>	Enterprise expansion reserve fund <i>(note 11 (iii))</i>	Translation reserve	Accumulated loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1st July, 2007	46,640	51,006	10,440	6,922	14,926	(1,299)	(183,152)	(54,517)
Deconsolidation of subsidiaries	-	-	(10,440)	(6,922)	(14,926)	5,161	-	(27,127)
Loss for the period	-	-	-	-	-	-	(14,341)	(14,341)
Current translation differences	-	-	-	-	-	3,857	-	3,857
At 31st December, 2007	<u>46,640</u>	<u>51,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,719</u>	<u>(197,493)</u>	<u>(92,128)</u>
At 1st July, 2008	46,640	51,006	-	-	-	7,719	(198,494)	(93,129)
Loss for the period	-	-	-	-	-	-	(806)	(806)
At 31st December, 2008	<u>46,640</u>	<u>51,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,719</u>	<u>(199,300)</u>	<u>(93,935)</u>

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2008

	Six months ended 31st December, (Unaudited) 2008 RMB'000
Net cash used in operating activities and net decrease in cash and cash equivalents	(852)
Cash and cash equivalents at the beginning of the period	<u>944</u>
Cash and cash equivalents at end of the period	<u><u>92</u></u>

No disclosure on the movements of the Group's cash flow in the financial statements for the period ended 31st December, 2007 has been made as the new directors were unable to gather sufficient evidence of the Group's cash flow for the then period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2008

1. ORGANISATION AND OPERATIONS

Creative Energy Solutions Holdings Limited (In Liquidation) (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”). The trading of the Company’s shares on the Stock Exchange has been suspended since 30th September, 2005.

The Company is an investment holding company. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. 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.

The Company’s functional currency is Renminbi. The consolidated financial statements are presented in Renminbi as it is considered 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. WINDING-UP PETITION AND APPOINTMENT OF LIQUIDATIONS

On 14th February, 2007, the High Court of Hong Kong (“Court”) ordered that the Company be wound-up and appointed the Official Receiver, who was appointed under the Hong Kong Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as provisional liquidator pursuant to Section 194(1)(a) of the Hong Kong Companies Ordinance. The Court appointed Mr. Desmond Chung Seng Chiong and Mr. Roderick John Sutton, both of Ferrier Hodgson Limited, as joint and several liquidators (“Liquidators”) of the Company on 3rd May, 2007.

In the Hong Kong perspective, the directors of the Company no longer have the power, as a consequence of the appointment of the Liquidators, to present a directors’ report or prepare the financial statements.

The Liquidators were only appointed on 3rd May, 2007 and do not have the same detailed knowledge of the financial affairs of the Group as the directors of the Company might have. The accounting staff responsible for maintaining the books and records of the Company, and preparing its financial statements, had left the Company prior to the appointment of the Liquidators. The Liquidators have reviewed such books and records of the Company as were made available to them. The Liquidators have not yet been able to look into all aspects of the Group’s and the Company’s affairs, and as liquidators, their main duty, and therefore concern, has been with the protection of the Company’s assets, rather than the computation of the profit and loss of the Group and the Company.

The new directors confirmed that the Company is no longer able to exercise effective control over certain subsidiaries. The Group currently continues its operation mainly through its wholly owned subsidiary, Beijing Creative which is carrying on the business activities in the provision of energy efficiency solutions and engineering consulting services.

On 24th November, 2006, the Stock Exchange announced that the Company had been placed into the de-listing procedure. The Stock Exchange imposed a six-month period to 23rd May, 2007 for the Company to submit a resumption proposal.

On 9th May, 2007, the Company, Million Sino Investments Limited (the “Investor”), the Liquidators and Ferrier Hodgson Limited (the “Escrow Agent”) (together the “Relevant Parties”) entered into the Escrow and Exclusivity Agreement (the “Agreement”) whereby the Investor was given an exclusivity period up to 30th November, 2007 for discussion and finalisation of the resumption proposal of the Company. As additional time is required for finalisation of the resumption proposal, the Relevant Parties entered into the first escrow supplemental agreement, the second escrow supplemental agreement and the third escrow supplemental agreement on 30th November, 2007, 31st May, 2008 and 15th December, 2008 respectively for the extension of the Agreement to 31st May, 2008, 30th November, 2008 and 31st May, 2009 respectively.

On 6th February, 2009, the GEM Listing Committee confirmed that the Company was allowed to proceed with the resumption proposal dated 2nd February, 2009, involving, among other things, the capital reorganisation of the share capital of the Company, the subscription of the 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 certain conditions (the “Conditions”) on or before 5th August, 2009. As various negotiation and court processes had taken a fair amount of time, an application has been made to and approved by the Stock Exchange to extend the deadline for the fulfillment of the Conditions to 30th June, 2010.

3. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective term include all applicable individual HKFRS, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”). The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 30th June, 2008 except in relation to the following new and revised HKFRS that are adopted for the first time for the current period’s financial information.

HKAS 1 (Amendments)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirement and their Interaction

The Group has not early applied any new standard, amendment or interpretation that has been issued but is not yet effective.

The financial statements have been prepared based on available books and records of the Company and its subsidiaries. Although the new directors (the “directors”), appointed on 30th January, 2010 and did not take part in the daily management of the Company and its subsidiaries, had used their best endeavors to locate all the financial and business records of the Group, the directors have been unable to locate sufficient documentary information to satisfy themselves regarding the treatment of various balances of the Group and of the Company prior to the appointment of the Liquidators as most of the former directors of the Company, former senior management and former accounting personnel of the Group have either left the Group or unable to contact.

The following required disclosures have not been made in the financial statements:

- (i) No segment information is available to present; and
- (ii) The directors were also unable to represent as to the completeness of the disclosure of related party disclosures.

4. GOING CONCERN

The unaudited consolidated interim accounts have been prepared on a going concern basis provided that the completion of the Restructuring Proposal is conditional upon the fulfillment of certain terms and conditions. Further discussion in respect of the Restructuring Proposal is set out in the section “Restructuring of the Group” on page 15 to 17.

In light of the measures taken to date, together with the expected results from the proposed restructuring, the directors opined that it is appropriate to prepare the financial statements on a going concern basis.

The financial statements do not incorporate any adjustments for possible failure of the above Restructuring Proposal and the continuance of the Group as a going concern.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets. The effect of these potential adjustments has not been incorporated in the financial statements.

5. TURNOVER

Turnover represents revenue arising from provision of energy savings services and system design and integration services. The amount of revenue recognised in turnover during the period is as follows:

	Three months ended 31st December, (Unaudited)		Six months ended 31st December, (Unaudited)	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Revenue from provision of system design and integration services and energy saving services	<u>89</u>	<u>6,465</u>	<u>729</u>	<u>8,747</u>

6. LOSS BEFORE TAXATION

	Three months ended 31st December, (Unaudited)		Six months ended 31st December, (Unaudited)	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Depreciation	<u>14</u>	<u>17</u>	<u>28</u>	<u>34</u>

7. TAXATION

	Three months ended 31st December, (Unaudited)		Six months ended 31st December, (Unaudited)	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Hong Kong profits tax (see note (ii) below)	-	-	-	-
PRC enterprise income tax (see note (iii) below)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes:

(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 three and six months ended 31st December, 2008 and 2007.

(iii) PRC enterprise income tax

No provision for PRC enterprise income tax has been made for the three and six months ended 31st December, 2008 and 2007 in the financial results of Beijing Creative Easy Union Science & Technology of Saving Development Co., Ltd. ("Beijing Creative") as it has sustained loss for taxation purposes.

(iv) Deferred taxation

The Group has no significant potential deferred tax assets and liabilities for the three and six months ended 31st December, 2008 and 2007.

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the unaudited consolidated loss attributable to shareholders of the Group amounted to approximately RMB475,000 and RMB806,000 (three and six months ended 31st December, 2007: RMB29,000 and RMB14,341,000) the weighted average number of 440,000,000 (six months ended 31st December, 2007: 440,000,000) ordinary shares in issued during the three and six months ended 31st December, 2008.

(b) Diluted loss per share

Since the outstanding share options and convertible bonds are anti-dilutive to the loss per share, no diluted loss per share is presented for both periods.

9. TRADE AND OTHER RECEIVABLES

	At 31st December, 2008 (Unaudited) RMB'000	At 30th June, 2008 (Audited) RMB'000
Trade receivables	5,849	5,882
Less: allowance for impairment	<u>(862)</u>	<u>(862)</u>
	<u>4,987</u>	<u>5,020</u>
Other receivables	31,641	32,070
Less: allowance for impairment	<u>(25,075)</u>	<u>(25,075)</u>
	<u>6,566</u>	<u>6,995</u>
	11,553	12,015
Prepayments	<u>-</u>	<u>25</u>
	<u>11,553</u>	<u>12,040</u>

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

	At 31st December, 2008 (Unaudited) RMB'000	At 30th June, 2008 (Audited) RMB'000
1 to 3 years	30	123
Over 3 years	<u>5,819</u>	<u>5,759</u>
	<u>5,849</u>	<u>5,882</u>

10. TRADE AND OTHER PAYABLES

	At 31st December, 2008 (Unaudited) RMB'000	At 30th June, 2008 (Audited) RMB'000
Trade payables	3,167	3,167
Other payables and accruals	12,800	13,155
Amounts due to deconsolidated subsidiaries	48,427	48,427
	<u>64,394</u>	<u>64,749</u>

The ageing analysis of Group's trade payables is as follows:

	2009 RMB'000	2008 RMB'000
Over 1 year	<u>3,167</u>	<u>3,167</u>

11. RESERVES

- (i) The Company was incorporated in Bermuda on 29th August, 2001 under the Companies Act 1981 of Bermuda and, through a group reorganisation in preparation for the listing of the Company's shares on the GEM of the Stock Exchange, became the holding company of the Group on 3rd January, 2002. The Group has been treated as a continuing entity and accordingly the consolidated financial statements for the year ended 30th June, 2002 were prepared on the basis that the Company was the holding company of the Group for the entire year, rather than from 3rd January, 2002. The merger reserve represents the excess value of the shares acquired over the nominal value of the shares issued in exchange.
- (ii) According to the relevant rules and regulations in the PRC, each of the PRC subsidiary is required to appropriate 10% of its after-tax profit (after offsetting prior years' losses), based on the PRC statutory financial statements prepared in accordance with the relevant accounting principles and financial regulations applicable to foreign investment enterprises in the PRC, to a general reserve fund until the balance of the fund reaches 50% of the PRC subsidiary's registered capital. Thereafter, any further appropriation can be made at the directors' discretion. The general reserve fund can be utilised to offset prior years' losses, or be utilised to increase the capital on the condition that the general reserve fund shall be maintained at a minimum of 25% of the registered capital after such increase.

- (iii) According to the relevant rules and regulations in the PRC and the PRC subsidiaries' articles of association. Each of the PRC subsidiary may appropriate a portion of its after tax profit (after offsetting prior years' losses), based on the statutory financial statements of the PRC subsidiary, to an enterprise expansion reserve fund. Such appropriations are determined at the discretion of the directors.

12. OPERATING LEASE COMMITMENT

As lessee

The Group leases certain of its office under operating lease arrangements, with leases negotiated for original terms of 1 year. None of the leases includes contingent rentals.

	At 31st December, 2008 (Unaudited)	At 30th June, 2008 (Audited)
Within one year	67	28
In the second to fifth years, inclusive	—	—
	<u>67</u>	<u>28</u>

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.

Financial Result

During the period, the Group's turnover was approximately RMB0.73 million (six months ended 31st December, 2007: RMB8.75 million), representing a decrease of approximately 91.66% from the six months ended 31st December, 2007.

The consolidated loss attributable to shareholders of the Group amounted to approximately RMB0.81 million for the six months ended 31st December, 2008 (six months ended 31st December, 2007: RMB14.34 million). Basic loss per share was approximately RMB0.18 cents for the six months ended 31st December, 2008 (six months ended 31st December, 2007: RMB3.26 cents).

SUSPENSION OF TRADING OF THE COMPANY'S SHARES AND APPOINTMENT OF THE PROVISIONAL LIQUIDATORS AND JOINT AND SEVERAL LIQUIDATORS

Trading in the Company's shares on Stock Exchange has been suspended since 30th September, 2005. On 11th December, 2006, Peter Beck & Partner Vermögensverwaltung petitioned to the High Court for the winding up of the Company. The petition was filed as the Company could not meet the statutory demand issued by the petitioner for settlement of a total outstanding debt of approximately US\$1.9 million (equivalent to approximately HK\$14.7 million) owed by the Company. The winding up Order was made by the High Court on 14th February, 2007 and the Official Receiver was appointed as the Provisional Liquidator.

Upon the application of the Provisional Liquidator on 11th April, 2007, Mr. Desmond Chung Seng Chiong and Mr. Roderick John Sutton, both of Ferrier Hodgson Limited were appointed as the Liquidators by the High Court on 3rd May, 2007.

RESTRUCTURING OF THE GROUP

On 17th August, 2009, the Company entered into an agreement for the implementation of a Restructuring Agreement with the Investor, subject to the passing of the requisite resolutions by the shareholders and compliance with relevant legal procedures and requirements. The principal terms of the Restructuring Proposal, involve, inter alia, the following:

- (i) the Investor has agreed to inject cash of up to HK\$48 million into the Company in exchange for approximately 95% of the enlarged issued share capital of the Company upon completion of the Restructuring Proposal; and
- (ii) the Company will settle all the claims from all Creditors of the Company in accordance with the terms of the Restructuring Proposal and the Schemes which subject to the approval by the necessary majorities at the respective creditors' meetings pursuant to the Hong Kong Companies Ordinance and Companies Act of Bermuda.

(a) Capital Restructuring

- (i) The nominal value of the 440,000,000 issued shares will be reduced from HK\$0.1 to HK\$0.001 each as at the date of passing of the requisite resolutions by the shareholders and compliance with relevant legal procedures and requirements. As a result, the Company's issued share capital of HK\$44,000,000 will be reduced by HK\$43,560,000 to HK\$440,000.

The entire credit balance of HK\$43,560,000 arising from the capital reduction shall be applied to reduce the accumulated losses of the Company.

- (ii) Each of the Company's existing authorised but unissued shares of HK\$0.1 each will be subdivided into 100 unissued shares of HK\$0.001 each. Accordingly, the authorised but unissued share capital will be changed to 99,560,000,000 adjusted shares.
- (iii) The Company entered into subscription agreement with the investor relating to a subscription of a total of 8,316,000,000 new ordinary shares at a subscription price of HK\$0.0058 per share ("the Subscription"). A sum of HK\$2.7 million out of the subscription proceeds will then be transferred to the Scheme administrators for the creditors' settlement and the balance of the subscription proceeds will be used for working capital and investments of the Company.

- (iv) Every 50 shares of HK\$0.001 each will be consolidated into one new share (“consolidated share”) of nominal value of HK\$0.05. Accordingly, 8,756,000,000 issued shares of HK\$0.001 each will be consolidated into 175,120,000 new shares of HK\$0.05 each and 91,244,000,000 unissued shares of HK\$0.001 each will be consolidated into 1,824,880,000 unissued new shares of HK\$0.05 each.
- (v) Authorised share capital remains the same at HK\$100,000,000 divided into 2,000 million new shares of HK\$0.05 each of which 1,991,200,000 shares would be unissued whilst 8,800,000 would be issued and paid up.

All of the above new share rank pari passu with the existing shares in all aspects.

(b) Debt Restructuring

It is proposed that all indebtedness of the Company will be restructured pursuant to the terms of the Restructuring Proposal and the Schemes. Four known unsecured creditors, who constitute approximately 84% in value of 19 known creditors, have indicated to the liquidators their agreement in principle to the proposal.

The indebtedness will be settled via the Schemes as follows, on a pro-rata basis:

- (i) a cash payment in the amount equivalent to 5% of the relevant indebtedness owed to the Creditors (which is approximately HK\$2.7 million based on the proof of debt received by the Liquidators up to the Latest Practicable Date), which is funded by the Company out of the proceeds of the Subscription;
- (ii) the issue and allotment by the Company of 880,000 new consolidated shares, after taking into account the effect of the capital restructuring and upon completion of the Restructuring Proposal;
- (iii) The Company will set up “Scheme Holdco” as an investment holding company to hold the all subsidiaries of the Company, except Beijing Creative, Easy Union Holdings Limited, Rising Dragon International Limited and Action Win Investments Limited (collectively referred to “Other Assets”);

- (iv) The entire interest of the Other Assets will be disposed to Scheme Holdco in consideration of HK\$1;
- (v) The entire interest of Scheme Holdco will be disposed to the Scheme Administrators or its nominee in the consideration of HK\$1.

As a result, the Other Assets will cease to be subsidiaries of the Company and their results will not be consolidated in the financial statements of the Group after completion.

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. The Investor and the Liquidators anticipate 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.

It is the Investor's intention to maintain the Group's 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.

With the strong and continuous support provided by the Investor to the Group in terms of both business and financial aspects, the Group will be able to sustain its retail business at a sufficient level in upcoming financial years and expand its business to a substantial level within a reasonable period of time after the resumption of trading in the shares of the Company on the Stock Exchange.

INTERIM DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 31st December, 2008 (six months ended 31st December, 2007: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

To the best knowledge of the Liquidators and the Directors, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months period ended 31st December, 2008.

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 for the six months ended 31st December, 2008.

THE AUDIT COMMITTEE

Following Mr. Hon Wa Fai's resignation as independent non-executive director and member of the audit committee on 27th March, 2006, the Company has only two independent non-executive directors and two members of the Audit Committee, none of them has appropriate professional qualifications or accounting or related financial management expertise as required in Rule 5.05(2) of the GEM Listing Rules. Hence, the Company is unable to comply with Rules 5.05(1), 5.05(2) and 5.28 of the GEM Listing Rules.

Both the Liquidators and the Directors have taken reasonable steps to contact the remaining two independent non-executive directors, namely Mr. Shi Jian Hui and Ms. To Sin Ning. However, both of them were un-contactable. As a result, the unaudited accounts of the Group for the six months ended 31st December, 2008 have not been reviewed by the audit committee. In addition, the interim financial results have not been reviewed by an external auditor.

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

To the best knowledge of the Liquidators and the Directors, as at 31st December, 2008, the interests of the directors and their associates in the shares, underlying shares and debentures of the Company, its subsidiaries and associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

	<u>Ordinary shares of HK\$0.1 each</u>			Percentage of total Issued shares
	Personal interests	Corporate interests	Total number of shares held	
Beneficial interests				
Mr. Shum Fong Chung (<i>Note</i>)	247,128,000	–	247,128,000	56.17%

Note: To the best knowledge of the Liquidators and the Directors, the 247,128,000 shares as disclosed to be held by Mr. Shum Fong Chung is known to be the same lot of shares over which Ms. Au Suet Ming Clarea through Billion Wealth Holdings Limited, a corporation controlled by her, has a security interest as more particularly disclosed in the note to the table under the section "Substantial Shareholders' Interests In Securities" below.

Name	Underlying Shares in the Company			Number of shares in respect of options outstanding as at 30th June, 2005
	Date of grant	Exercise price (HK\$)	Exercise period	
Director				
Ms. Lin Rong Ying	04/04/2003	0.30	<i>Note</i>	1,200,000
Senior Management				
Mr. Kam Ying Fai	04/04/2003	0.30	<i>Note</i>	3,040,000

Note: Pursuant to the terms of the Share Option Scheme, the options shall lapse automatically on the date of the commencement of the winding up of the Company, which was on 14th February, 2007. Accordingly, no option of the Company is outstanding as at the date of this report.

It is the intention of the Company and the Liquidators to terminate the Share Option Scheme in accordance with its terms before Completion for easy administrative purpose.

To the best knowledge of the Liquidators and the Directors, save as disclosed above, as at 31st December, 2008, none of the directors, chief executives or their associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept by the Company under Section 352 of the SFO or which are notified to the Company and the Stock Exchange pursuant to the Adopted Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

To the best knowledge of the Liquidators and the Directors, as at 31st December, 2008, the following persons (other than the Directors and Chief Executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

	<u>Underlying Shares of HK\$0.1 each</u>			Percentage of total Issued shares
	Personal interests	Corporate interests	Total number of shares held	
Beneficial interests				
Ms. Kwok Kin Kwok	24,000,000	–	24,000,000	5.78%
Ms. Au Suet Ming Clarea (<i>Note</i>)	400,000	247,128,000	247,528,000	56.26%
Billion Wealth Holdings Limited (<i>Note</i>)	–	247,128,000	247,128,000	56.17%

Note: On 15th September, 2006, Ms. Au became interested in 247,128,000 shares of the Company as Billion Wealth Holdings Limited, a corporation controlled by her, held a security interest of the said shares on the that date. Together with her personal interest in 400,000 shares of the Company, Ms. Au became interested in 247,528,000 shares of the Company.

Save as disclosed above, as at 31st December, 2008 no person, other than the directors and chief executive of the Company whose interests have been set out in the section headed “Directors’ and the Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” above, had registered an interest and a short position in the shares or underlying shares of the Company as recorded in the register of the Company required to be kept pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

On 3rd January, 2002, the Company adopted the share option scheme, the principal terms of which are set out in the Company's 2008 Annual Report.

Pursuant to the terms of the Share Option Scheme, the options shall lapse automatically on the date of the commencement of the winding up of the Company, which was on 14th February, 2007. Accordingly, no option of the Company is outstanding as at the date of this report.

It is the intention of the Company and the Liquidators to terminate the Share Option Scheme in accordance with its terms before completion of the Group's restructuring for easy administrative purpose.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

To the best knowledge of the Liquidators and the Directors, other than those as disclosed under the sections "Share Option Scheme" and "Directors' and Chief Executives' Interests in Securities" above, at no time during the period was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or Chief Executives of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

The Liquidators and the Directors are unaware of any contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, subsisted at the end of the period or at any time during the six months ended 31st December, 2008, and in which an Existing Director had, whether directly or indirectly, a material interest, nor there was any other contract of significance in relation to the Company's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Liquidators and the Directors make no representation as to whether any Existing Director or the management shareholder of the Company had any interest in a business which competes or may compete with the business of the Group for the six months ended 31st December, 2008.

MANAGEMENT CONTRACT

The Liquidators and the Directors are unaware of any no contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the six months ended 31st December, 2008.

ADOPTED CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Trading in the securities of the Company has been suspended since 30th 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 for the six months ended 31st December, 2008 is not applicable.

PUBLICATION OF INFORMATION ON WEBSITES

This report is available for viewing on the website of Stock Exchange at www.hkex.com.hk and on the website of the Company at www.hklistedco.com/8109.asp.

By Order of the Board
**CREATIVE ENERGY SOLUTIONS
HOLDINGS LIMITED**

(In Liquidation)
CHOW Wai Shing Daniel
Executive Director

For and on behalf of
**CREATIVE ENERGY SOLUTIONS
HOLDINGS LIMITED**

(In Liquidation)
Desmond Chung Seng Chiong
Roderick John Sutton
*Joint and Several Liquidators
who act without personal liabilities*

Hong Kong, 10 June 2010

On the basis of the information available from certain previous announcements made by the Company and the records at the Companies Registry in Hong Kong, the Board comprises Mr. John Howard Batchelor, Mr. Cheng Chi Ho, Mr. Chow Wai Shing Daniel, Mr. Yeung Ka Wing, Mr. Shum Fong Chung and Ms. Lin Rong Ying as the executive Directors and Mr. Shi Jian Hui and Ms. To Sin Ning as the independent non-executive Directors.

The directors of the Company and the Liquidators collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company and the Liquidators, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This report 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>.