Creative Energy Solutions Holdings Limited

科 瑞 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8109)

2011

Annual Report

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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.

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This report, for which the directors (the "Directors") of the Creative Energy Solutions Holdings Limited (the "Company") 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 report 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.

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Corporate Information

EXECUTIVE DIRECTORS

Xu Bo *(Chairman)*
Wu Chun Wah *(Chief Executive Officer)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Leung Heung Ying
Cheong Ying Chew, Henry
Zhao Bin

COMPANY SECRETARY

Wong Chi Wai

COMMITTEES

AUDIT COMMITTEE

Leung Heung Ying *(Chairman)*
Cheong Ying Chew, Henry
Zhao Bin

REMUNERATION COMMITTEE

Xu Bo *(Chairman)*
Leung Heung Ying
Cheong Ying Chew, Henry
Zhao Bin

AUTHORISED REPRESENTATIVES

Wu Chun Wah
Wong Chi Wai

AUDITORS

Ting Ho Kwan & Chan
Certified Public Accountants (Practising)
9/F Tung Ning Building
249-253 Des Voeux Road Central
Hong Kong

LEGAL ADVISERS

Bermuda Law:
Conyers Dill & Pearman
Room 2901, One Exchange Square
8 Connaught Place, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
65 Front Street Hamilton Bermuda

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
46th Floor Hopewell Centre
183 Queen's Road East
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Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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183 Queen's Road Central
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PRINCIPAL PLACE OF BUSINESS IN THE PRC

Beijing Creative Easy Union Science &
Technology of Saving Development Co., Ltd.
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Beijing
PRC

GEM STOCK CODE

8109

COMPANY WEBSITE

www.hklistedco.com/8109.asp

On behalf of the board (the "Board") of directors (the "Directors") of Creative Energy Solutions Holdings Limited (the "Company", together with its subsidiaries, collectively the "Group"), I am pleased to present our annual report for the year ended 30 June 2011.

REVIEW OF RESULTS

For the year ended 30 June 2011, the Group recorded a net profit attributable to equity holders of the Company of approximately RMB74,405,000.

BUSINESS OPERATION

During the year, upon the completion of the restructuring on 29 July 2010, Million Sino Investments Limited acquired 127,057,440 Shares, representing approximately 72.19% of the issued share capital of the Company, and became the controlling shareholder of the Company. The Company's shares resumed trading successfully on the GEM of The Stock Exchange of Hong Kong Limited on 30 July 2010.

To maintain our competiveness, the Company has always been committed to technology advancement and products development, including the introduction and application of patents for new products.

In order to widen our business network and coverage in industrial sector, the Group has implemented an agency system and entered into several agency contracts with various PRC companies who have established business connections with large industrial companies in major cities. With the support and services rendered by those agents, the Group is able to expand its business coverage in energy saving solution services in industrial sector.

PROSPECT

The Group will continue to devote resources on product development as well as expanding our agent network. The Group is confident that our current business strategy will enable the Group to expand its business coverage in the coming year. The Group is also looking for suitable investment opportunities with reasonable earnings in the energy saving sectors with an aim to maximize the returns to our shareholders.

APPRECIATION

I hereby take this opportunity to express my appreciation to all members of the Board for their continuous support and efforts to the Group. In addition, on behalf of the Board, I would also like to express my sincere gratitute to our officers and all staffs for their dedication and hardworking throughout the year.

Xu Bo
Chairman
Hong Kong, 28 September 2011

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 CO2 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.

EMPLOYEES 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.

Biographical Information of Directors

EXECUTIVE DIRECTORS

Mr. XU Bo, aged 50, is an executive director and the Chairman of the Company. Mr. Xu is also the Chairman of the remuneration committee. He graduated from Zhenzhou University and holds a bachelor of science degree in Equipment Automation. Mr. Xu is a director of Risingsun Investments Group Limited with diversified business interests including investment in liquified natural gas supply projects. Mr. Xu is also the controlling shareholder of Shenzhen CATIC Computer Engineering Co. Ltd. and Beijing Com-Link Information & Technology Co. Ltd.

Mr. WU Chun Wah, aged 46, is an executive director and Chief Executive Officer of the Company. He graduated from Northeast Louisiana University and holds a master degree in business administration and a master degree in corporate governance from the Hong Kong Polytechnic University. Mr. Wu also obtained a diploma of China trade and investment from Beijing University, a diploma of China laws from Guangdong Economic Laws Research Centre and a postgraduate diploma in management from Asia International Open University. He is a fellow member of the Hong Kong Institute of Directors, member of the Hong Kong Securities Institute, associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. He is currently the executive director of Incutech Investments Limited, (listed on the Stock Exchange). Prior to his present employment, he was an executive director of China Chengtong Development Group Limited (listed on the Stock Exchange) which is a subsidiary of China Chengtong Holdings Company, a pillar enterprise under the supervision of State-owned Assets Supervision and Administration Commission. He was also the non-executive director of China Agrotech Holdings Limited (listed on the Stock Exchange). He has also worked for several international financial institutions including BNP Paribas Peregrine Capital Limited, CCIC Finance Limited and American Express Bank Limited. Mr. Wu has extensive experience in financial investment and corporate finance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHEONG Ying Chew, Henry, aged 63, is an independent non-executive director of the Company. Mr. Cheong is also a member of the Audit Committee and remuneration committee of the Company. Mr. Cheong has been an Independent Non-executive Director and Chairman of the Audit Committee of Cheung Kong (Holdings) Limited. He is also an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited, CNNC International Limited, Excel Technology International Holdings Limited, Hutchison Telecommunications Hong Kong Holdings Limited, New World Department Store China Limited, SPG Land (Holdings) Limited and TOM Group Limited, all being listed companies in Hong Kong. Mr. Cheong is an executive Director and Deputy Chairman of Worldsec Limited, a company listed in London. He is also an Independent Director of BTS Group Holdings Public Company Limited, a company listed in Thailand. Mr. Cheong is a member of the Securities and Futures Appeals Tribunal, a member of the Advisory Committee of the Securities and Futures Commission and was previously a member of the Disciplinary Panel (Panel A) of the Hong Kong Institute of Certified Public Accountants. Mr. Cheong holds a Bachelor of Science degree in mathematics and a Master of Science degree in Operational Research and Management. Mr. Cheong was previously an independent non-executive director of FPP Japan Fund, Inc. (formally known as FPP Golden Asia Fund Inc. and Jade Asia Pacific Fund Inc.), a company listed in Ireland (resigned on 21st October 2008).

Dr. ZHAO Bin, aged 36, is an independent non-executive Director. Dr. Zhao is also a member of the Audit Committee and Remuneration Committee of the Company. Dr. Zhao is the Associate Professor of Department of Building Science, School of Architecture of Tsinghua University. Dr. Zhao holds Philosophy of Doctor Degree in Heating, Ventilating and Air Conditioning Engineering from Tsinghua University. Dr. Zhao is currently participating in various research projects focusing on ventilation and energy saving including a research project under the 11th 5-year National Key Technology R&D Program. Dr. Zhao also participated in design and analysis of ventilation and energy saving of various key construction projects in China including National Olympic Gymnasium, People's Great Hall, CCTV Hall etc. He is an expert in ventilation and energy saving solutions in the PRC.

Mr. LEUNG Heung Ying aged 48, has been appointed as an independent non-executive Director since 28 November 2010. Mr. Leung is the managing director and shareholder of Proton Capital Limited. He was the managing director of Artfield Group Limited (now known as International Resources Enterprise Limited) (stock code: 1229). He also acted as executive director, vice-chairman and deputy chief executive officer of Espco Technology Holdings Limited (now known as Grand T G Gold Holdings Limited) (stock code: 8299).

Mr. Leung is a member of the Listing Committee of the Stock Exchange, a Fellow Member of the Institute of Chartered Accountants in England and Wales, and the Hong Kong Institute of Certified Public Accountants, a Standing Committee member of the Political Consultative Committee of Wu Hua County of Guangdong Province and an arbitrator of the Panel of Arbitrators of China International Economic and Trade Arbitration Commission. Mr. Leung is also a member of the Energy Advisory Committee and the Public Affairs Forum of the Hong Kong Government. Mr. Leung graduated from the University of Bradford, United Kingdom with a Bachelor Degree. He received a Master Degree from London School of Economics and Political Science of University of London, United Kingdom and a Bachelor Degree in Chinese Laws from the Peking University, the PRC.

Report of the Directors

The Board has pleasure in presenting the annual report and the audited financial statements of the Company and the Group for the year ended 30 June 2011.

Shares of the Company have been suspended from trading on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30th September, 2005 and resumed on 30 July 2010.

The Company was ordered to be wound up pursuant to an Order by the High Court of Hong Kong dated 14 February 2007 and the Official Receiver was appointed as Provisional Liquidator of the Company. Subsequently, the High Court of Hong Kong (the "High Court") appointed Mr. Desmond Chung Seng Chiong and Mr. Roderick John Sutton, both of Ferrier Hodgson Limited, to act as the joint and several liquidators to the Company on 3 May 2007. The release of the Liquidators was granted on 14 July 2010 by the High Court.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries consist of the provision of energy efficient solutions and engineering consulting services in the PRC including Hong Kong.

Details of the principal activities of the principal subsidiaries of the Company as at 30 June 2011 are set out in note 17 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2011 and the state of the affairs of the Group as at that date are set out in the consolidated financial statement on pages 29 to page 73.

CAPITAL REORGANISATION, SHARE CAPITAL AND RESERVES

As at 30 June 2011, the total number of shares issued by the Company was 176,000,000 shares. Details of the capital reorganisation and capital structure of the Company are set out in notes 3 and 25 respectively to the consolidated financial statements.

Movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 31.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws and there is no restriction against such rights under the laws of Bermuda

FINANCIAL SUMMARY

A summary of published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements of the Company, is set out on page 74. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

BANK LOAN AND OTHER BORROWINGS

Details of movement in the bank loans and other borrowings of the Group during the year are set out in note 23 to the consolidated financial statements.

SHARE OPTION SCHEMES

The Company adopted a share option scheme (the "Scheme") on 5 November 2010, pursuant to which the Directors may grant options to eligible participants to subscribe for shares ("Shares") in the Company subject to the terms and conditions stipulated therein. Details of cancellation of the share option schemes adopted by the Company on 3 January 2002, the Scheme and movements in the Company's share options during the year are set out in note 26 to the consolidated financial statements.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2011.

CONNECTED TRANSACTIONS

During the year ended 30 June 2011, there were no transactions needed be disclosed as connected transactions in the financial statements and in accordance with the requirements of Chapter 20 of the GEM Listing Rules.

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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 30 June 2011, none of the directors or the management shareholders of the Company (as defined in the Rules Governing Listing of Securities on the Growth Enterprise Market on the Stock Exchange ("GEM Listing Rules") had an interest in a business which competes or may compete with the business of the Group during the period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2011.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the Reporting Period and up to the date of this report were:

Executive directors:
Mr. Xu Bo *(appointed as executive director and Chairman on 29 July 2010)*
Mr. Wu Chun Wah *(appointed as executive director and Chief Executive Officer on 29 July 2010)*
Mr. Batchelor John Howard *(resigned on 29 July 2010)*
Mr. Cheng Chi Ho *(resigned on 29 July 2010)*
Mr. Chow Wai Shing Daniel *(resigned on 29 July 2010)*
Mr. Shum Fong Chung *(removed on 29 July 2010)*
Ms. Lin Rong Ying *(removed on 29 July 2010)*
Mr. Yeung Ka Wing *(resigned on 29 July 2010)*

Independent non-executive directors:
Mr. Chan Sun Kwong *(appointed on 29 July 2010 and resigned on 28 November 2010)*
Mr. Cheong Ying Chew, Henry *(appointed on 29 July 2010)*
Dr. Zhao Bin *(appointed on 29 July 2010)*
Mr. Leung Heung Ying *(appointed on 28 November 2010)*
Mr. Shi Jian Hui *(removed on 29 July 2010)*
Ms. To Sin Ning *(removed on 29 July 2010)*

In accordance with the Bye-law 87(1) of the Company's Bye-Laws, Mr. Cheong Ying Chew, Henry will retire by rotation at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

In accordance with the Bye-law 86(2) of the Company's Bye-laws, Mr. Leung Heung Ying, who was appointed as independent non-executive Director on 28 November 2010 to fill the casual vacancy created by the resignation of Mr. Chan Sun Kwong as independent non-executive Director will retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

Each of the executive Directors, Mr. Xu Bo and Mr. Wu Chun Wah has entered into a service agreement with the Company which employment was commenced on 29 July 2010 and continued thereafter until terminated by two months' notice in writing served by either party on the other.

Each of the two Independent Non-executive Directors, Mr. Cheong Ying Chew, Henry and Dr. Zhao Bin has entered into a service agreement with the Company which engagement was commenced on 29 July 2010 and continued thereafter until terminated by two months' notice in writing served by either party on the other. There is no service contract between the Company and the independent non-executive Director, Mr. Leung Heung Ying.

All the Independent Non-executive Directors are not appointed for a specific term, but are subject to retirement by rotation in accordance with the Bye-laws of the Company.

Details of the directors' emoluments and of the five highest paid individuals in the Group are set out in notes 9(a) and 9(b) to the financial statements, respectively.

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

Save as disclosed above, none of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

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

At 30 June 2011, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors were as follows:

Name of Directors	Nature of interest	*Note*	Number of issued ordinary shares held	Number of underlying shares held	Total	Approximate percentage of total issued shares as at 30 June 2011
Mr. Xu Bo	Corporate	(1)	127,057,440	–	127,057,440	
	Personal	(2)		88,000	88,000	
					127,145,440	72.24%
Mr. Wu Chun Wah	Corporate	(1)	127,057,440	–	127,057,440	
		(2)		88,000	88,000	
					127,145,440	72.24%
Mr. Leung Heung Ying	Personal	(3)	–	176,000	176,000	0.1%
Mr. Cheong Ying Chew, Henry	Personal	(3)	–	176,000	176,000	0.1%
Dr Zhao Bin	Personal	(3)	–	176,000	176,000	0.1%

Notes:

(1) The interest disclosed represents the corporate interest in 127,057,440 shares held by Million Sino Investments Limited, which is a company incorporated in the British Virgin Islands and is owned as to 50% by each of Mr. Xu Bo and Mr. Wu Chun Wah.

(2) The interest disclosed represents the personal interest in 88,000 underlying shares in respect of the 88,000 share options granted by the Company to each of Mr. Xu Bo and Mr. Wu Chun Wah. These share options were granted on 2 June 2011 and are exercisable as to 50% during the period from 2 June 2011 to 1 June 2013 and as to 50% during the period from 2 June 2012 to 1 June 2014, all at an exercise price of HK$3.55 per share.

(3) The interest disclosed represents the personal interest in 176,000 underlying shares in respect of the 176,000 share options granted by the Company to each of Mr. Cheong Ying Chew, Henry, Mr. Leung Heung Ying and Dr Zhao Bin. These share options were granted on 2 June 2011 and are exercisable as to 50% during the period from 2 June 2011 to 1 June 2013 and as to 50% during the period from 2 June 2012 to 1 June 2014, all at an exercise price of HK$3.55 per share.

(4) All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed above and in the Section under the heading "Substantial Shareholders' Interest in Securities" below, as at 30 June 2011, none of the Directors and chief executive of the Company or their associates had or deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

At 30 June 2011, save as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, underlying Shares and Debentures" above for interests of Mr. Xu Bo and Mr. Wu Chun Wah and each of their associates including Million Sino Investments Limited, in shares and underlying shares of the Company, the following persons had or deemed to have an interest in the shares and the underlying shares of the Company which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Name	**Capacity**	*Note*	**Number of issued ordinary shares held**	**Number of underlying shares**	**Total**	**Approximate percentage of total issued shares as at 30 June 2011**
Ms Chen Li	Interest of spouse	(1)	127,057,440	88,000	127,145,440	72.24%
Ms Lee Siu Yee, Brenda	Interest of spouse	(2)	127,057,440	88,000	127,145,440	72.24%

Notes:

(1) Ms Chen Li, the spouse of Mr. Xu Bo, is also deemed to be interested in such 127,057,440 shares and 88,000 underlying shares in which Mr Xu Bo is deemed to be interested.

(2) Ms Lee Siu Yee, Brenda, the spouse of Mr. Wu Chun Wah, is deemed to be interested in such 127,057,440 shares and 88,000 underlying shares in which Mr. Wu Chun Wah is deemed to be interested.

(3) All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed above, as at 30 June 2011, so far as was known to Directors based on the information available, 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed under the sections "Share Option Scheme" and "Directors' and Chief Executives' Interests in Securities" above, at no time during the year 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.

COMPETING INTEREST

As at 30 June 2011, none of the Directors or substantial shareholders of the Company has engaged in any business that competes or may compete with the business if the Group or has any other conflict of interests with the Group.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of purchases and sales for the year attributable to the Group's major customers and suppliers are as follows:

Purchases	
– the largest supplier	79%
– five largest suppliers combined	100%
Sales	
– the largest customer	64%
– five largest customers combined	99%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on page 19 of the Annual Report.

AUDITORS

The consolidated financial statements were audited by Ting Ho Kwan & Chan who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

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

For and on behalf of
Creative Energy Solutions Holdings Limited
Xu Bo

The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in enhancing the shareholders' value.

CODE ON CORPORATE GOVERNANCE PRACTICES

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 details of which are stated under the heading of "Non-Executive Directors" below.

NON-EXECUTIVE DIRECTORS

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.

THE BOARD

The Company is headed by the Board which is responsible for directing and supervising the Company's affairs. As at the date of this report, the Board comprises two executive Directors and three independent non executive Directors. Biographies of all the Directors and the relationships (if any) among them are set out on pages 10 to 11 of this annual report.

With effect from the completion of the Restructuring Agreement on 29 July 2010, Mr. Wu Chun Wah and Mr. Xu Bo have been appointed as executive Directors; Mr. Cheong Ying Chew, Henry, Dr. Zhao Bin, and Mr. Chan Sun Kwong have been appointed as independent non-executive Directors, subsequently on 28 November 2010, Mr. Chan Sun Kwong resigned and Mr. Leung Heung Ying was appointed as independent non-executive Directors. Mr. Xu Bo has also been appointed as the Chairman of the Company with effect from 29 July 2010.

Functions and responsibilities reserved to the Board and the functions and responsibilities delegated to management are as follows:

The Board shall be responsible for:

- Approval of corporate and business strategies of the Company
- Approval of the annual budgets and financial reports of the Group
- Monitoring the operating and financial performance of the Group
- Declaration of dividend to the shareholders of the Company
- Approval of Investment proposals of the Company
- Restructuring and spin off relating to the Group
- Overseeing the processes for evaluation of the adequacy of internal controls, risk management, financial reporting and compliance
- Corporate governance

The management shall be responsible for:

- Day to day operations of the Company and its subsidiaries as delegated by the Board to the management led by the Chief Executive Officer
- Formulation of corporate and business strategies to be approved by the Board
- Execution of corporate and business strategies approved by the Board
- Formulation of investment, acquisition, mergers or spin off proposals
- Execution of investment, acquisition, mergers or spin off proposals and approved by the Board

The Company has received from each of the Independent non-executive directors an annual confirmation of independence in accordance with Rule 5.09 of the GEM Listing Rules.

ATTENDANCE OF INDIVIDUAL DIRECTORS AT BOARD MEETINGS FOR THE YEAR ENDED 30 JUNE 2011

There were a total of 7 Board meetings held during the period ended 30 June 2011. The attendance of individual directors at the Board meetings held during the period is as follows:

Name of Director		**Number of Attendance**
		Attended/Eligible to attend
Executive Driectors		
Mr. Xu Bo	Note (c)	7/7
Mr. Wu Chun Wah	Note (c)	7/7
Mr. Batchelor John Howard	Note (a)	0/1
Mr. Cheng Chi Ho	Note (a)	1/1
Mr. Yeung Ka Wing	Note (a)	1/1
Mr. Chow Wai Shing Daniel	Note (a)	1/1
Mr. Shum Fong Chung	Note (b)	0/0
Ms. Lin Rong Ying	Note (b)	0/0
Independent non-executive directors		
Mr. Chan Sun Kwong	Note (d)	4/4
Mr. Cheong Ying Chew, Henry	Note (e)	7/7
Dr. Zhao Bin	Note (e)	7/7
Mr Leung Heung Ying	Note (f)	3/3
Mr. Shi Jian Hui	Note (g)	0/0
Ms. To Sin Ning	Note (g)	0/0

Note:

(a) Appointed as executive director on 31 January 2010 and resigned on 29 July 2010.

(b) Removed as executive director on 29 July 2010.

(c) Appointed as executive director on 29 July 2010.

(d) Appointed as independent non-executive director on 29 July 2010 and resigned on 28 November 2010.

(e) Appointed as independent non-executive director on 29 July 2010.

(f) Appointed as independent non-executive director on 28 November 2010.

(g) Removed as independent non-executive director on 29 July 2010.

Board minutes are kept by the secretary of the Company (the "Secretary") and are open for inspection by the directors of the Company. Every director of the company is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Secretary, and has the liberty to seek external professional advice if so required.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. XU Bo is the Chairman of the Board and Mr. WU Chun Wah is the Chief Executive Officer. The Chairman shall be responsible for overseeing the operation of the Board, while the Chief Executive Officer shall oversee the business operations of the Company. The roles of the Chairman and Chief Executive Officer are set out in detail in the Bye-laws of the Company.

Both Mr. Xu and Mr. Wu are the shareholders of, each holding 50% interest in, Million Sino Investments Limited, being the controlling shareholder of the Company. The Chairman and the Chief Executive Officer do not have any financial, business, family or other material relationship with each other save for working relationship and their common interest in Million Sino Investments Limited.

REMUNERATION OF DIRECTORS

The Company established a remuneration committee (the "Remuneration Committee") on 29 July 2010 with written terms of reference. The Remuneration Committee currently comprises Executive Directors Mr. Xu Bo (as chairman) and all the independent non-executive directors, namely, Mr. Leung Heung Ying, Mr. Cheong Ying Chew, Henry, Dr. Zhao Bin.

The main functions of the Remuneration Committee are as follows:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

2. to be responsible for determining the specific remuneration packages of all executive Directors and management of the Company, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board for the remuneration of non-executive Directors of the Company;

3. to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

4. to review and approve the compensation payable to executive Directors and the management of the Company in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

5. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and

6. to ensure that no Director or any of his associates is involved in deciding his own remuneration.

For the year ended 30 June 2011, the Remuneration Committee held one meeting on 24 August 2010 for the discussion of matters concerning the determination of remuneration of the Directors. The individual attendance record of each member of the remuneration committee is as follows:

Name of Directors	**Number of Attendance Attended/Eligible to attend**
Mr. Xu Bo	1/1
Mr. Cheong Ying Chew, Henry	1/1
Mr. Leung Heung Ying (appointed on 28 November 2010)	0/0
Mr. Zhao Bin	1/1
Mr. Chan Sun Kwong (resigned on 28 November 2010)	1/1

NOMINATION OF THE DIRECTOR

No Nomination Committee has been set up, and hence, the Board is responsible for considering the suitability of a candidate to act as Director, and approving and termination the appointment of a Director. The Board is mainly responsible for identifying suitable candidates for the Board when there is a vacancy or an additional Director is considered necessary. The chairman of the Board will propose the appointment of such candidates to the Board for consideration and the Board will review the qualifications of the relevant candidates for determining the suitability for the Group on the basis of his/her qualifications, experience and background. The decision of appointing a Director must be approved by the Board. Any newly appointed Director by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

ACCOUNTABILITY AND AUDIT

The Board acknowledged their responsibility for preparing the financial statements of the Group. The Directors ensured in preparing of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report.

AUDITORS' REMUNERATION

For the year ended 30 June 2011, approximately RMB314,000 and RMB106,000 are payable to Ting Ho Kwan & Chan CPA, auditors of the Company for audit service and non-audit service respectively.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 29 July 2010 with written terms of reference aligned with the code provisions of the CG Code. The Audit Committee currently comprises all the independent non-executive Directors, namely, Mr. Leung Heung Ying (as chairman), Mr. Cheong Ying Chew, Henry, and Dr. Zhao Bin.

The main functions of the Audit Committee are as follows:

1. to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;

2. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;

3. to develop and implement policy on the engagement of an external auditor to supply non audit services;

4. to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and to review significant financial reporting judgments contained in them;

5. to review the Company's financial controls, internal control and risk management systems;

6. to discuss with the Management the Company's system of internal control and ensure that the Management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;

7. to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and the Management's response;

8. to review the Group's financial and accounting policies and practices;

9. to review the external auditor's management letter, any material queries raised by the auditor to the Management in respect of the accounting records, financial accounts or systems of control and the Management's response; and

10. to ensure that the Board will provide a timely response to the issues raised in the external Auditor's management letter.

For the year ended 30 June 2011, the Audit Committee held a total of four meetings, at which it reviewed the external findings, the accounting principles and practices adopted by the Group, the listing, statutory compliance, and financial reporting matters including recommendations made to the Board to approve the quarterly, interim and annual results for the year. The individual attendance record of each member of the Audit Committee is as follows:

Name of Directors	Number of Attendance Attended/Eligible to attend
Mr. Leung Heung Ying (appointed on 28 November 2010)	2/2
Mr. Cheong Ying Chew, Henry	4/4
Mr. Zhao Bin	4/4
Mr. Chan Sun Kwong (resigned on 28 November 2010)	2/2

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditors during the year.

INTERNAL CONTROL

The Board has overall responsibility for the internal control and risk management systems of the Company and for reviewing the effectiveness of the internal control and risk management system through the Audit Committee. The Company has in place internal control and risk management systems covering financial, operational, compliance and risk management and supervised by an internal audit manager. The internal control review report prepared by LKY China Certified Public Accountants (Hong Kong) referred to above notes no material internal control deficiency.

COMMUNICATION WITH SHAREHOLDERS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board.

VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all the resolutions set out in the notice of the forthcoming annual general meeting of the Company will be voted by poll.

TING HO KWAN & CHAN
CERTIFIED PUBLIC ACCOUNTANTS

9th Floor, Tung Ning Building
249-253 Des Voeux Road Central
Hong Kong

丁何關陳會計師行
香港德輔道中249-253號
東寧大廈9字樓

TO THE SHAREHOLDERS OF CREATIVE ENERGY SOLUTIONS HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Creative Energy Solutions Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 29 to 73, which comprise the consolidated balance sheet as at 30 June 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except as described in the Basis for qualified opinion paragraphs, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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.

TING HO KWAN & CHAN
Certified Public Accountants (Practising)

Hong Kong, 28 September 2011

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	Notes	**2011 RMB'000**	2010 RMB'000
Turnover	9	**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	10	**89,475**	—
Distribution costs		**(519)**	—
Administrative expenses		**(13,847)**	(2,316)
Profit/(loss) before taxation		**76,211**	(366)
Taxation	11	**—**	—
Profit/(loss) for the year	12	**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	14	**46.71 cents**	(4.16 cents)

The notes on pages 33 to 73 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 30 June 2011

	Notes	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**255**	38
Available-for-sale financial assets	18	**–**	–
		255	38
CURRENT ASSETS			
Inventories	19	**173**	459
Trade and other receivables	20	**19,476**	14,815
Cash and cash equivalents		**24,103**	639
		43,752	15,913
CURRENT LIABILITIES			
Trade and other payables	21	**16,643**	68,373
Financial guarantee to a deconsolidated subsidiary	22	**–**	6,874
Borrowings	23	**790**	13,637
Amounts due to coupon bond holders	24	**–**	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	25	**7,774**	46,640
Reserves		**18,800**	(141,929)
Total equity attributable to equity holders of the Company		**26,574**	(95,289)

The consolidated financial statements were approved and authorised for issue by the Board of directors on 28 September 2011.

Xu Bo
DIRECTOR

Wu Chun Wah
DIRECTOR

The notes on pages 33 to 73 are an integral part of these consolidated financial statements.

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

The notes on pages 33 to 73 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

	2011 RMB'000	2010 RMB'000
Operating activities		
Profit/(loss) before taxation	**76,211**	(366)
Adjustments for:		
Interest income	**(8)**	—
Gain on debt restructuring	**(89,475)**	—
Allowance for impairment of trade receivables	**3,756**	1,280
Depreciation	**85**	31
Equity-settled share-based payments	**5,074**	—
Loss on disposal of property, plant and equipment	**15**	—
Operating (loss)/profit before changes in working capital	**(4,342)**	945
Inventories	**286**	50
Trade and other receivables	**(8,423)**	(2,766)
Trade and other payables	**5,187**	1,677
Net cash used in operating activities	**(7,292)**	(94)
Investing activities		
Purchase of property, plant and equipment	**(316)**	(24)
Interest income	**8**	—
Net cash used in investing activities	**(308)**	(24)
Financing activities		
Loan advanced from the Investor	**—**	727
Proceeds from issue of shares	**42,384**	—
Restructuring cost paid	**(11,323)**	—
Net cash generated from financing activities	**31,061**	727
Net increase in cash and cash equivalents	**23,461**	609
Effect of change in foreign exchange rate	**3**	—
Cash and cash equivalents at the beginning of the year	**639**	30
Cash and cash equivalents at the end of the year	**24,103**	639
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**24,103**	639

The notes on pages 33 to 73 are an integral part of these consolidated financial statements.

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. The principal activities of its subsidiaries are set out in note 17.

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. WITHDRAWAL OF WINDING-UP PETITION AND DISCHARGE OF LIQUIDATORS

On 24 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 23 May 2007 for the Company to submit a resumption proposal.

On 14 February 2007, the High Court of the Hong Kong Special Administrative Region (the "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 3 May 2007.

2. WITHDRAWAL OF WINDING-UP PETITION AND DISCHARGE OF LIQUIDATORS *(continued)*

On 9 May 2007, the Company, 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 30 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 30 November 2007, 31 May 2008 and 15 December 2008 for the extension of the Agreement to 31 May 2008, 30 November 2008 and 31 May 2009 respectively.

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 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 5 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 31 August 2010.

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 the note 3.

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 were fulfilled and the Liquidators were also released. The Company has submitted its application to the Stock Exchange for approval of the resumption of trading in the shares on the Stock Exchange on 30 July 2010.

3. RESTRUCTURING PROPOSAL

The principal elements of the Restructuring Proposal are as follows:

(i) Stage I Capital Reorganisation

The Company implemented capital reduction and share subdivision.

(a) *Capital reduction*

The nominal value of each issue share was reduced from HK$0.10 to HK$0.001 by cancelling the paid-up capital to the extent of HK$0.099 on each issued share and approximately RMB46.17 million (equivalent to HK$43.56 million) arising from such reduction was credited to the accumulated losses account of the Company.

(b) *Share subdivision*

Immediately following the capital reduction, each of the Company's existing authorised but unissued share of HK$0.10 each was subdivided into 100 unissued share of HK$0.001 each. Accordingly, the authorised but unissued share capital was HK$99,560,000 comprising of 99,560,000,000 Adjusted Shares.

(ii) Stage II Capital Reorganisation

The Stage II Capital Reorganisation comprises the share consolidation which became effective immediately after the completion of the Subscription.

Share consolidation

Every 50 issued and unissued Adjusted Shares was consolidated into one New Share. Accordingly, 100,000,000,000 issued and unissued Adjusted Shares were consolidated into 2,000,000,000 issued and unissued New Shares.

(iii) Subscription

Pursuant to the Subscription Agreement, immediately after the implementation of the Stage I Capital Reorganisation, the Investor subscribed for 8,316,000,000 Adjusted Shares (equivalent to 166,320,000 New Shares upon completion of the Stage II Capital Reorganisation), representing approximately 94.5% of the total enlarged share capital of the Company, at a consideration of RMB42.1 million (equivalent to HK$48.3 million) with the subscription price of HK$0.0058 per Adjusted Share.

An amount of RMB2.7 million (equivalent to HK$3.1 million) out of the subscription proceeds was transferred to the Scheme Administrators for the creditors' settlement and the balance of the subscription proceeds was used for working capital and investments of the Company.

3. RESTRUCTURING PROPOSAL *(continued)*

The principal elements of the Restructuring Proposal are as follows *(continued)*:

(iv) Debt Restructuring

All indebtedness of the Company was restructured pursuant to the terms of the Restructuring Proposal and the Schemes. The indebtedness owing to the creditors was discharged in full via the Schemes as follows:

(a) a cash payment in the amount equivalent to 5% of the relevant indebtedness owed to the creditors (which is approximately RMB2.7 million (equivalent to HK$3.1 million) based on the proof of debt received by the Liquidators), which was funded by the Company out of the proceeds of the Subscription;

(b) the issuance of a total of 880,000 new shares to the creditors at nil consideration, credited as fully paid, representing approximately 0.5% of the enlarged issued share capital of the Company upon the completion of the Restructuring Agreement; and

(c) the transfer of all subsidiaries of the Company, except Beijing Creative Easy Union Science & Technology of Saving Development Co., Ltd, Easy Union Holdings Limited, Rising Dragon International Limited and Action Win Investments Limited, and all rights and benefits of the Company to pursue claims from third parties (collectively referred to "Other Assets") to the Scheme Administrators or its nominees for the benefit of the creditors under the group reorganisation. The subsidiaries so disposed of were as follows:

Bell Investment Holdings (H.K.) Limited
Eternal Well Limited
Wealth Field Investment Limited
Success Field Limited
China Meijia Education Holdings Limited
Creative New Era Technological Limited
Creative Management (Hong Kong) Limited
Creative ECO — Energy Investment Group Limited
Creative Energy (Asia) Limited
Fujian Traving Science & Technology of Saving Development Co., Ltd.
Hainan Creative Easy Union Science & Technology of Saving Development Co., Ltd.
Shenzhen Creative Eternal Well Science & Technology of Saving Development Co., Ltd.
Fujian Creative New Era Control Technology Co., Ltd.

4. 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 in note 7.

A summary of significant accounting policies adopted by the Group is set out in note 5.

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. Note 6 provides 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years, unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 June each year.

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Subsidiaries *(continued)*

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests (previously known as "minority interests"), represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loan from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with notes 5(h) or 5(k) depending on the nature of the liability.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial assets (see note 5(d)) or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	Over the shorter of useful lives or lease terms
Furniture and fixtures	5 years
Motor vehicles	5 years

The assets' residual values (if any) and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in the consolidated statement of comprehensive income in the period the item is derecognised.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(d) Financial assets

Regular purchases and sales of financial assets are recognised on the trade date when the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. At each balance sheet date, the Group assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired, such as a significant or prolonged decline in the fair value of an investment in an equity investment below its costs. Financial assets other than investments in subsidiaries are further categorised into the following classifications for the measurement after initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently carried at amortised cost using the effective interest method. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Group's loans and receivables comprise "Trade and other receivables" and "Cash and cash equivalents" in the consolidated balance sheet.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial assets *(continued)*

(ii) Available-for-sale-financial assets

Investments other than those held for trading and held to maturity are classified as available-for-sale financial assets and are stated in the consolidated balance sheet at fair value. Gain or loss on fair value changes of available-for-sale financial assets is recognised in other comprehensive income and accumulated separately in equity in the fair value reserve, except for impairment losses and foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in profit or loss.

When the available-for-sale financial assets are derecognised, the cumulative gain or loss is reclassified from equity to profit or loss. Where the available-for-sale financial assets are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial assets has been recognised in equity and there is objective evidence that the asset is impaired, the cumulative loss is recognised from equity to profit or loss even though the financial assets has not been derecognised.

Investments in unquoted equity instruments whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less any impairment losses. If there is objective evidence that an impairment loss has been incurred on such instrument, the amount of impairment loss is measured as the difference between its carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar instrument. Such impairment losses are not reversed.

Fair value of an instrument on initial recognition is normally the transaction prices, unless it is estimated by using a valuation technique when part of the consideration given or received is for something other than the investments.

After initial recognition, the fair value of an investment quoted in an active market is based on the current bid price and, for investments not quoted in an active market, the Group establishes the fair value of such investment by using a valuation technique where appropriate.

Valuation techniques include using recent arm's length market transactions between knowledgeable willing parties, if available, by reference to the current fair value of another instrument that is substantially the same, discounted cash flows analysis and option pricing models.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and are assigned by using the first-in-first-out method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(f) Trade and other receivables

Trade and other receivables are initially recognised at fair value and, after initial recognition, at amortised cost less any allowance for impairment of bad and doubtful debts, except for the following receivables:

— interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less any allowance for impairment of bad and doubtful debts; and

— short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoiced amount less any allowance for impairment of bad and doubtful debts.

At each balance sheet date, the Group assesses whether there is any objective evidence that a receivable or group of receivables is impaired. Impairment losses on trade and other receivables are recognised in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition. The impairment loss is reversed, through profit or loss if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Trade and other receivables *(continued)*

Impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash at banks and on hand, demand deposits with bank and other financial institutions, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(h) Trade and other payables

Trade and other payables are initially recognised at fair value and, after initial recognition, at amortised cost, except for the following payables:

— short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoiced amount; and

— interest-free loans from related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost.

(i) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Income tax *(continued)*

Deferred tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets also arise from unused tax losses and unused tax credits.

At each balance sheet date, the Group reviews and assesses the recognised and unrecognised deferred tax assets and the future taxable profit to determine whether any recognised deferred tax assets should be derecognised and any unrecognised deferred tax assets should be recognised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(j) Employee benefits

(i) Retirement benefit costs

In accordance with the relevant PRC rules and regulations, the PRC subsidiaries are required to establish defined contribution plans managed by the relevant local government bureau in the PRC and to make contributions to the plan for its eligible employees. The contribution borne by the Group is calculated according to the level regulated by the municipal government.

The Group also participates in a defined contribution Mandatory Provident Fund retirement benefits scheme in Hong Kong (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Employee benefits *(continued)*

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity. The fair value is measured at grant date using the Black-Scholes-Merton Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(k) Borrowings

Borrowings, comprising mainly other loans, are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the balance sheet date.

(l) Financial guarantee issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Financial guarantee issued, provisions and contingent liabilities *(continued)*

(i) Financial guarantees issued (continued)

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 5(l)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 5(l)(iii). Contingent liabilities acquired in a business combination that cannot be reliably fair valued are disclosed in accordance with note 5(l)(iii).

(iii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Group. Provided that it is probable that the economic benefits associated with the revenue transaction will flow to the Group and the revenue and the costs, if any, in respect of the transaction can be measured reliably, revenue is recognised in profit or loss as follows:

Revenue from the sales of energy saving products is recognised when the Group has delivered the goods to the customers and the customer has accepted the goods together with the risks and rewards of ownership of the goods.

Revenue from provision of energy saving services is recognised based on energy savings which are taken to be the point in time the customer has accepted it.

(n) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company and its subsidiaries in the PRC are Hong Kong dollars and Renminbi ("RMB") respectively. For the purposes of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are recognised in other comprehensive income and accumulated separately in equity in the fair value reserve.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Foreign currency translation *(continued)*

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated separately in equity in the translation reserve. When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(o) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Where the Group is the lessee, payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(q) Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policies decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of the key management personnel of the Group or the Group's parent or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(r) Segment Reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Segment Reporting *(continued)*

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

6. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued certain new and revised HKFRS that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

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.

The Group has not early applied any new standard, amendment or interpretation that has been issued but is not yet effective (see note 34).

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group's management makes assumptions, estimates and judgements in the process of applying the Group's accounting policies that affect the assets, liabilities, income and expenses in the consolidated financial statements prepared in accordance with HKFRS. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

Key assumption and other key sources of estimation uncertainty:

(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.

8. 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.

8. SEGMENTS INFORMATION *(continued)*

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.

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

10. GAIN ON DEBT RESTRUCTURING

	2011 **RMB'000**	2010 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.

11. 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 **RMB'000**	2010 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	**—**	—

12. PROFIT/(LOSS) FOR THE YEAR

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

	2011 **RMB'000**	2010 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

13. 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.

14. 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.

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

Directors' remuneration for the year, disclosed pursuant to GEM Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

Name of Directors	Directors' fees	Salaries, allowances and benefits in kind	Retirement benefits scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2011					
Executive Directors:					
Chow Wai Shing Daniel *(note 1)*	–	–	–	–	–
Shum Fong Chung *(note 5)*	–	–	–	–	–
John Howard Batchelor *(note 1)*	–	–	–	–	–
Cheng Chi Ho *(note 1)*	–	–	–	–	–
Yeung Ka Wing *(note 1)*	–	–	–	–	–
Lin Rong Ying *(note 5)*	–	–	–	–	–
Xu Bo *(note 2)*	–	473	–	34	507
Wu Chun Wah *(note 2)*	–	473	24	34	531
Independent Non-executive Directors:					
To Sin Ning *(note 5)*	–	–	–	–	–
Shi Jian Hui *(note 5)*	–	–	–	–	–
Chan Sun Kwong *(note 3)*	35	–	–	–	35
Cheong Ying Chew, Henry *(note 2)*	94	–	–	68	162
Zhao Bin *(note 2)*	94	–	–	68	162
Leung Heung Ying *(note 4)*	60	–	–	68	128
Total	283	946	24	272	1,525

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' emoluments *(continued)*

Name of Directors	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefits scheme contributions RMB'000	Equity-settled share-based payments RMB'000	Total RMB'000
2010					
Executive Directors:					
Chow Wai Shing Daniel *(note 1)*	–	–	–	–	–
Shum Fong Chung *(note 5)*	–	–	–	–	–
John Howard Batchelor *(note 1)*	–	–	–	–	–
Cheng Chi Ho *(note 1)*	–	–	–	–	–
Yeung Ka Wing *(note 1)*	–	–	–	–	–
Lin Rong Ying *(note 5)*	–	–	–	–	–
Independent Non-executive Directors:					
To Sin Ning *(note 5)*	–	–	–	–	–
Shi Jian Hui *(note 5)*	–	–	–	–	–
Total	–	–	–	–	–

Note 1: resigned on 29 July 2010
Note 2: appointed on 29 July 2010
Note 3: appointed on 29 July 2010 and resigned on 28 November 2010
Note 4: appointed on 28 November 2010
Note 5: removed on 29 July 2010

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2010: Nil) were directors of the Company whose emoluments were included in note (a) above. The emoluments of the remaining two (2010: five) individuals were as follows:

	2011 RMB'000	2010 RMB'000
Salaries, allowances and benefits in kind	**754**	278
Retirement benefits scheme contributions	**30**	28
Equity-settled share-based payments	**814**	–
	1,598	306

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(b) Five highest paid individuals *(continued)*

The number of employees whose emoluments fall within the following band was as follows:

	2011	2010
RMB nil to RMB1,000,000	**1**	5
RMB1,000,001 — RMB1,500,000	**1**	—

In addition to the above, certain employees was granted share options of the Group for the year ended 30 June 2011. Details of the share options schemes are set out in note 26.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	**Furniture and fixtures RMB'000**	**Motor vehicles RMB'000**	**Total RMB'000**
Cost				
At 1 July 2009	—	1,703	196	1,899
Additions	15	9	—	24
At 30 June 2010	15	1,712	196	1,923
Currency realignment	(1)	(1)	—	(2)
Additions	202	114	—	316
Written off	(14)	(4)	—	(18)
At 30 June 2011	202	1,821	196	2,219
Accumulated depreciation				
At 1 July 2009	—	1,679	175	1,854
Charge for the year	2	9	20	31
At 30 June 2010	2	1,688	195	1,885
Currency realignment	(3)	—	—	(3)
Written back on write-off	(2)	(1)	—	(3)
Charge for the year	78	7	—	85
At 30 June 2011	75	1,694	195	1,964
Net book value				
At 30 June 2011	127	127	1	255
At 30 June 2010	13	24	1	38

17. SUBSIDIARIES

The following is a list of the subsidiaries at 30 June 2011 which have been included in these consolidated financial statements:

Name	Place of incorporation/ operations	Particulars of issued capital/ registered capital	Proportion of ownership interest Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Easy Union Holdings Limited	British Virgin Islands/ Hong Kong	50,000 ordinary shares of US$1 each	100%	100%	–	Investment holding
Rising Dragon International Limited	British Virgin Islands/ Hong Kong	100 ordinary shares of US$1 each	100%	100%	–	Investment holding
Beijing Creative Easy Union Science & Technology of Saving Development Co., Ltd ("Beijing Creative")	The People's Republic of China	HK$35,000,000	100%	–	100%	Provision of energy saving services and sales of energy saving products
Action Win Investments Limited	Hong Kong	1 ordinary share of HK$1	100%	100%	–	Not yet commenced business
Best Creation International Limited	Republic of Seychelles/ Hong Kong	1 ordinary share of US$1	100%	100%	–	Investment holding
Huntop Trading Limited	Hong Kong	1 ordinary share of HK$1	100%	–	100%	Investment holding
北京科瑞天誠科技有限公司	The People's Republic of China	HK$13,000,000	100%	–	100%	Not yet commenced business

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2011 RMB'000	2010 RMB'000
Unlisted equity securities, at cost		
At beginning and at end of the year	**18,199**	18,199
Impairment		
At beginning and at end of the year	**18,199**	18,199
Carrying value		
At end of the year	**–**	–
At beginning of the year	**–**	–

Unlisted equity securities of the Group are not stated at fair value but at cost less impairment losses, because they do not have a quoted market price on active market. The range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

19. INVENTORIES

	2011 RMB'000	2010 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).

20. TRADE AND OTHER RECEIVABLES

	2011 RMB'000	2010 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 RMB'000	2010 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 RMB'000	2010 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

20. TRADE AND OTHER RECEIVABLES *(continued)*

(Note a) *(continued)*

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 RMB'000	2010 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.

21. TRADE AND OTHER PAYABLES

	2011 RMB'000	2010 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 RMB'000	2010 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.

22. FINANCIAL GUARANTEE TO A DECONSOLIDATED SUBSIDIARY

The banking facilities of a deconsolidated subsidiary were secured by a financial guarantee contract issued by the Company. On the basis of the books and records available to the directors, the directors are not aware of any significant discrepancy of the abovementioned financial guarantee to a deconsolidated subsidiary.

The amounts claimed by the bank in respect of the above financial guarantee were included in the Schemes of Arrangement as Scheme Creditors and were discharged and waived upon its completion during the year.

23. BORROWINGS

	2011 **RMB'000**	2010 RMB'000
Unsecured bank loans *(note a)*	**–**	12,801
Secured loan from the Investor *(note b)*	**790**	836
	790	13,637

Included in borrowings are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2011	2010
United States Dollars	**–**	1,874,000

(Note a) The loan facility of a subsidiary was granted by corporate guarantee given by the Company. The amounts claimed by the lender in respect of the above bank loans guaranteed by the Company were included in the Schemes of Arrangement as Scheme Creditors and were discharged and waived upon its completion during the year.

(Note b) The share of Action Win Investments Limited, a subsidiary of the Company, has been pledged in favour of the Investor for the loan drawn down. The loan is interest free and repayable within 12 months after the date of loan agreement.

24. AMOUNTS DUE TO COUPON BOND HOLDERS

The 2.5% coupons bonds (the "Bonds") with warrants attached, having an aggregate principal amount of US$4,500,000 (equivalent to approximately RMB37,206,000), were issued on 1 November 2002 and have been matured on 1 November 2008. Each bond was in the denomination of US$10,000 with a warrant attached. The bonds bore interest at the coupon rate of 2.5% per annum, payable annually in arrears on 1 November each year. As at 30 June 2011, according to the books and records of the Company, the amounts were repayable as follows:

	2011 **RMB'000**	2010 RMB'000
Within one year	**–**	22,356

The amounts due to the coupon holders are included in the Schemes of Arrangement as Scheme Creditors and were discharged and waived upon its completion during the year.

25. SHARE CAPITAL

	2011		2010	
	Number of of share '000	**Amount RMB'000**	Number of of share '000	Amount RMB'000
Authorised:				
Ordinary shares of HK$0.10 (equivalent to approximately RMB0.106 each)				
At 1 July	**1,000,000**	**106,000**	1,000,000	106,000
Effect of share subdivision *(note 3(i)(b))*	**99,000,000**	**–**	–	–
Ordinary shares of HK$0.001 (equivalent to approximately RMB0.00106 each)	**100,000,000**	**106,000**	1,000,000	106,000
Effect of share consolidation *(note 3(ii))*	**(98,000,000)**	**–**	–	–
Ordinary shares of HK$0.05 (equivalent to approximately RMB0.053 each)				
At 30 June	**2,000,000**	**106,000**	1,000,000	106,000

25. SHARE CAPITAL *(continued)*

	2011 Number of of share '000	2011 Amount RMB'000	2010 Number of of share '000	2010 Amount RMB'000
Issued and fully paid:				
Ordinary shares of HK$0.10 (equivalent to approximately RMB0.106 each)				
At 1 July	**440,000**	**46,640**	440,000	46,640
Capital reduction *(note 3(i)(a))*	**—**	**(46,174)**	—	—
Ordinary shares of HK$0.001 (equivalent to approximately RMB0.00106 each)	**440,000**	**466**	440,000	46,640
Issue of ordinary shares through the subscription *(note 3(iii))*	**8,316,000**	**7,269**	—	—
Ordinary shares of HK$0.001 (equivalent to approximately RMB0.00088 each)	**8,756,000**	**7,735**	440,000	46,640
Effect of share consolidation *(note 3(ii))*	**(8,580,880)**	**—**	—	—
Ordinary shares of HK$0.05 (equivalent to approximately RMB0.004417 each)	**175,120**	**7,735**	440,000	46,640
Issue of ordinary shares to the creditors *(note 3(iv)(b))*	**880**	**39**	—	—
Ordinary shares of HK$0.05 (equivalent to approximately RMB0.004417 each) At 30 June	**176,000**	**7,774**	440,000	46,640

26. SHARE OPTION SCHEMES

Pursuant to the share option scheme adopted by the Company on 3 January 2002 (the "Previous Scheme"), all options as granted hereunder were all automatically lapsed consequent upon the commencement of the winding-up of the Company on 14 February 2007. Upon the completion of the Restructuring Proposal, the Previous Scheme was terminated for easy administration pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting ("2010 AGM") held on 5 November 2010. A new share option scheme (the "Scheme") was adopted by the Company pursuant to an ordinary resolution passed by the shareholders of the Company at the 2010 AGM.

Pursuant to the Scheme, the Directors may grant options to Eligible Participants persons (as defined in the Scheme) to subscribe for shares ("Shares") in the Company subject to the terms and conditions stipulated therein. A summary of the Scheme is as follows:—

Purpose	To enable the Company to grant options to Eligible Participants (as defined below) as incentive or reward for their contribution or potential contribution to the Group.
Eligible Participants	Any full time or part time employees or potential employees, executives or officers (including executive, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers, who will or have contributed to the Company or its subsidiaries.
Total number of Shares available for issue under the Scheme	The total number of Shares which may be issued under the Scheme upon exercise of all outstanding options granted and yet to be exercised under the Scheme must not exceed 10% of the Shares in issue as at the date of relevant shareholders' approval.
Total number of Shares available for issue for options granted under the Scheme	At 30 June 2011, the number of Shares issuable under for issue for options granted under the Scheme was 13,104,000 shares, which represented approximately 7.45% of the issued share capital of the Company as at that date.
Maximum entitlement of each Eligible Participant	The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any twelve-month period up to and including the date of grant shall not exceed 1% of the number of Shares in issue at the date of grant.

26. SHARE OPTION SCHEMES *(continued)*

Period under which the Shares must be taken up under an option	The period during which the options may be exercised will be determined by the board of directors of the Company at its absolute discretion, save that no option can be exercised more than 10 years after it has been granted and accepted.
Minimum period for which an option must be must be held before it can be exercised	The board of directors of the Company may determine the minimum period for which an option must be held before it can be exercised.
Period within which payments/ calls/loans must be made/ repaid	28 days from the date of the offer of the options.
Basis of determining the exercise price	The exercise price must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.
The remaining life of the Scheme	The Scheme remains in force until 4 November 2020 unless otherwise terminated in accordance with the terms stipulated therein.
Amount payable on acceptance of the option	HK$1.0

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

26. SHARE OPTION SCHEMES *(continued)*

Details of movements in the share options during the year ended 30 June 2011 under the Scheme are as follows:

		Number of share option ('000 shares)			
Grantees	**Exercisable period**	**Outstanding as at 1.7.2010**	**Granted during the year**	**Lapsed during the year**	**Outstanding as at 30.6.2011**
Executive Directors:					
Xu Bo	2.6.2011 to 1.6.2013	–	44	–	44
	2.6.2012 to 1.6.2014	–	44	–	44
Wu Chun Wah	2.6.2011 to 1.6.2013	–	44	–	44
	2.6.2012 to 1.6.2014	–	44	–	44
Independent Non-Executive Directors:					
Leung Heung Ying	2.6.2011 to 1.6.2013	–	88	–	88
	2.6.2012 to 1.6.2014	–	88	–	88
Cheong Ying Chew, Henry	2.6.2011 to 1.6.2013	–	88	–	88
	2.6.2012 to 1.6.2014	–	88	–	88
Zhao Bin	2.6.2011 to 1.6.2013	–	88	–	88
	2.6.2012 to 1.6.2014	–	88	–	88
Employees	2.6.2011 to 1.6.2013	–	3,800	–	3,800
	2.6.2012 to 1.6.2014	–	3,800	–	3,800
Other eligible participants	2.6.2011 to 1.6.2013	–	2,400	–	2,400
	2.6.2012 to 1.6.2014	–	2,400	–	2,400
Total		–	13,104	–	13,104

Notes:

1. All share options were granted on 2 June 2011 and the exercise price is HK$3.55 per share.

2. The closing price of the shares of the Company immediately before the date on which the share options were granted (i.e. 1 June 2011) was HK$3.55.

3. No share options were cancelled under the Share Option Scheme during the year.

26. SHARE OPTION SCHEMES *(continued)*

(a) The number and weighted average exercise prices of the share options are as follows:

	2011 Weighted average exercise price	2011 Number of option '000 shares	2010 Weighted average exercise price	2010 Number of option '000 shares
Outstanding at 1 July	—	—	—	—
Granted during the year	HK$3.55	13,104	—	—
Outstanding at 30 June	HK$3.55	13,104	—	—
Exercisable at 30 June	HK$3.55	6,552	—	—

No option was exercised during the year ended 30 June 2011.

The options outstanding at 30 June 2011 had an exercise price of HK$3.55 (2010: Nil) and a weighted average remaining contractual life of 2.42 years (2010: Nil). No option was cancelled during the year.

(b) **Fair values of share options and assumptions**

During the year, 13,104,000 (2010: Nil) options were granted, of which 6,552,000 vested immediately and the remaining 6,552,000 vested on 2 June 2012. The estimated fair value of the options granted during the year approximately RMB9,409,000.

The fair value is calculated using the Black-Scholes option pricing model. The weighted average inputs into the model were as follows:

	Share option granted on 2 June 2011	
	Lot 1	Lot 2
Share price	HK$3.55	HK$3.55
Exercise price	HK$3.55	HK$3.55
Expected volatility	66.24%	46.839%
Expected option life (in years)	1	2.001
Risk free rate	0.212%	0.479%
Dividend yield	Nil	Nil

26. SHARE OPTION SCHEMES *(continued)*

(b) Fair values of share options and assumptions *(continued)*

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Expected volatility was determined by using the historical volatilities of the Company over the expected option period.

The Group recognised the staff costs of approximately RMB5,074,000 for the year ended 30 June 2011 (2010: Nil) in relation to share options granted by the Company.

27. DEFERRED TAXATION

Deferred tax assets have not been recognised in respect of the following items:

	2011 **RMB'000**	2010 RMB'000
Unused tax losses	**12,644**	13,987

There was no deferred tax asset recognised during the year due to unpredictability of future profit streams.

The unused tax losses will expire in five years.

28. OPERATING LEASE COMMITMENTS

The Group leases certain of its office under operating lease arrangement, with leases negotiated for terms of 1 to 2 years. None of the leases includes contingent rentals. As at 30 June 2011, the Group's total future minimum lease payments under non-cancellable operating leases for each of the following period were:

	2011 **RMB'000**	2010 RMB'000
Within one year	**481**	237
In the second to fifth year, inclusive	**54**	—
	535	237

29. RELATED PARTY TRANSACTION

There were no related party transactions during the year (2010: Nil).

During the year, compensation of key management personnel represents only directors' remuneration as stated in note 15. The directors' remuneration is determined by the remuneration committee having regard to the performance, responsibilities and experience of individuals and market trends.

30. FINANCIAL RISK MANAGEMENT

(A) Financial instruments

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables	
	2011	2010
	RMB'000	RMB'000
Assets		
Trade receivables, net	**16,865**	9,097
Other receivables, net	**2,550**	5,690
Cash and cash equivalents	**24,103**	639
	43,518	15,426

	Financial liabilities at amortised cost	
	2011	2010
	RMB'000	RMB'000
Liabilities		
Trade payables	**15,509**	8,936
Other payables and accruals	**1,134**	11,010
Financial guarantee to a deconsolidated subsidiary	**—**	6,874
Amounts due to deconsolidated subsidiaries	**—**	48,427
Borrowings	**790**	13,637
Amounts due to coupon bond holders	**—**	22,356
	17,433	111,240

All of the above financial instruments are carried at amounts not materially different from their fair value as at 30 June 2011 and 2010.

30. FINANCIAL RISK MANAGEMENT *(continued)*

(B) Financial risk factors

The Group is exposed to market risk, credit risk and liquidity risk arising in the normal course of its business and financial instruments. The Group's risk management objectives, policies and processes focus mainly on minimising the potential adverse effect of these risks on is financial performance and position by closely monitoring the individual exposure.

(a) Market risk

(i) Cash flow interest rate risk

Except for bank balances, the Group has no other significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates of bank deposits are not expected to change significantly.

(ii) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

(b) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and cash and cash equivalents.

In respect of trade and other receivables, individual credit evaluations are performed on all debtors requiring credit over a certain amount. These evaluations focus on the debtors' past history of making payments when due and current ability to pay, and take into account information specific to the debtors as well as pertaining to the economic environment in which the debtor operates.

Normally, the Group does not obtain collateral from customers. At 30 June 2011, the Group has a certain concentration of credit risk as 99% (2010: 88%) of the total trade receivables were due from the five largest clients and the maximum exposure to credit risk is represented by the carrying amount of each financial asset recognised at the consolidated balance sheet.

The credit risk on liquid funds is considered negligible as the counterparties are reputable banks with good quality external credit ratings.

30. FINANCIAL RISK MANAGEMENT *(continued)*

(B) Financial risk factors *(continued)*

(c) Liquidity risk

The Group is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and bank balances in order to meet continuous operational need.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The remaining contractual maturities at the balance sheet date of the Group's financial liabilities are all due within one year or are repayable on demand. The total contractual undiscounted cash outflow of the Group's financial liabilities at the balance sheet date are the same as their carrying amounts.

(C) Fair value estimation

The carrying amounts of the Group's financial assets including cash and cash equivalents, trade and other receivables and financial liabilities including borrowings, trade and other payables approximate to their fair values due to their short maturities.

31. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively reviews and manages its capital structure in the light of changes in economic conditions so as to maintain a sound capital position. Total capital is defined as shareholders' equity in the consolidated balance sheet.

Neither the Company nor any of its subsidiaries are subject to either internally or externally imposed capital requirements.

32. EMPLOYEE RETIREMENT BENEFITS

The Group has arranged its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the group entities and its Hong Kong employees makes monthly contributions to the Scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Scheme Ordinance and up to a maximum of HK$1,000 per employee per month (the "MPF Contributions").

Employees who are employed by the subsidiary in the PRC are members of the state-managed pension scheme operated by the PRC government. The only obligation of the Group with respect to the pension scheme is to make the required contributions under the scheme.

33. BALANCE SHEET OF THE COMPANY

	2011 **RMB'000**	2010 RMB'000
Non-current assets	**68,700**	52,515
Current assets	**7,924**	1
	76,624	52,516
Current liabilities	**(648)**	(84,226)
Net assets/(liabilities)	**75,976**	(31,710)
Representing:		
Share capital	**7,774**	46,640
Reserves	**68,202**	(78,350)
Total equity	**75,976**	(31,710)

34. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2011

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 June 2011 and which have not been early adopted in these consolidated financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the consolidated financial statements:

	Effective for accounting periods beginning on or after
Revised HKAS 24, Related Party Disclosures	1 January 2011
Improvements to HKFRS 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKAS 1, HKAS 27 and HKAS 28	1 January 2011
Amendments to HKAS 12, Income Taxes	1 January 2012
HKFRS 9, Financial Instruments	1 January 2013
HKAS 1 (Amendments), Presentation of Items of Other Comprehensive Income	1 July 2012
HKAS 19 (as revised in 2011), Employee Benefits	1 January 2013
HKFRS 7 (Amendments), Disclosures — Transfers of Financial Assets	1 July 2011
HKFRS 10, Consolidated Financial Statements	1 July 2011
HKFRS 11, Joint Arrangements	1 January 2013
HKFRS 12, Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13, Fair Value Measurement	1 January 2013

Financial Summary

	Years ended 30 June				
	2011	2010	2009	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Turnover	**13,271**	11,659	2,901	11,956	2,643
Profit/(loss) attributable to equity holders of the Company	**74,405**	(366)	(1,794)	(15,342)	(189,536)

	As at 30 June				
	2011	2010	2009	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Total assets	**44,007**	15,951	13,913	13,941	43,849
Total liabilities and minority interests	**(17,433)**	(111,240)	(108,836)	(107,070)	(98,366)
Total equity	**26,574**	(95,289)	(94,923)	(93,129)	(54,517)