



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 8109)

2015  
FIRST QUARTERLY REPORT





## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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*This report, for which the directors (the “Directors”) of 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 GEM of the Stock Exchange (the “GEM Listing Rules”) 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 report misleading.*

## FIRST QUARTERLY RESULTS

The board of directors (the “Board”) of Creative Energy Solutions Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 30th September, 2014 together with the comparative unaudited consolidated figures for the corresponding period in 2013, as set out below:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE MONTHS ENDED 30TH SEPTEMBER, 2014

	Notes	Three months ended 30th September	
		2014 RMB'000	2013 RMB'000
<b>Turnover</b>	3	<b>8,107</b>	1,298
Cost of sales/services rendered		<u>(7,838)</u>	<u>(1,196)</u>
<b>Gross profit</b>		<b>269</b>	102
Other income		1	2
Distribution costs		(156)	(192)
Administrative expenses		<u>(1,574)</u>	<u>(2,274)</u>
Loss before taxation		<b>(1,460)</b>	(2,362)
Taxation	4	<u>—</u>	<u>(1)</u>
<b>Loss for the period</b>		<b>(1,460)</b>	(2,363)
Other comprehensive expenses			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translation of financial statements of operations outside Mainland China		(20)	28
<b>Total comprehensive expenses for the period</b>		<u><b>(1,480)</b></u>	<u>(2,335)</u>
<b>Loss for the period attributable to:</b>			
— Equity shareholders of the Company		<b>(1,341)</b>	(2,159)
— Non-controlling interests		<b>(119)</b>	(204)
		<u><b>(1,460)</b></u>	<u>(2,363)</u>
<b>Total comprehensive expenses for the period attributable to:</b>			
— Equity shareholders of the Company		<b>(1,361)</b>	(2,131)
— Non-controlling interests		<b>(119)</b>	(204)
		<u><b>(1,480)</b></u>	<u>(2,335)</u>
<b>Loss per share</b>			
Basic	5	<u><b>(0.08 cents)</b></u>	<u>(0.12 cents)</u>



## 1. BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements for the three months ended 30 September 2014 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which also include Hong Kong Accounting Standards (“HKAS”) and Interpretations (“Int”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The unaudited condensed consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”). The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2014.

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

The unaudited condensed consolidated financial statements have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

## 2. ORGANISATION AND OPERATIONS

Creative Energy Solutions Holdings Limited (the “Company”) is a public limited company domiciled and incorporated in Bermuda and its shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate holding company is Million Sino Investments Limited, which is incorporated in the British Virgin Islands.

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



### 3. 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 period is as follows:

	Three months ended 30th September	
	2014	2013
	RMB'000	RMB'000
<b>Turnover</b>		
Provision of energy saving services and sales of energy saving products	<u>8,107</u>	<u>1,298</u>

### 4. TAXATION

#### (i) Overseas income tax

The Company is incorporated in Bermuda and is exempted from taxation in Bermuda. The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income taxes. The Company's subsidiaries 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 three months ended 30 September 2014 and 2013 respectively.

#### (iii) PRC enterprise income tax

Taxation for PRC subsidiaries is charged at the appropriate current rates of taxation ruling in the PRC (30 September 2013: 25%).

### 5. LOSS PER SHARE

The calculation of loss per share is based on the loss attributable to equity shareholders of the Company for the three months 30 September 2014 of approximately RMB1,341,000 (30 September 2013: approximately RMB2,159,000) by the weighted average number of 1,902,490,000 (30 September 2013: 1,862,579,000) ordinary shares in issue during the period.

No diluted loss per share is presented as the Company did not have any potential shares outstanding.

## 6. RESERVES

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 September 2014

	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non- Controlling interests RMB'000	Total equity RMB'000
At 1 July 2013	8,076	102,525	4,689	5,546	(94,631)	26,205	3,876	30,081
Total comprehensive expenses for the period	261	21,242	(252)	28	(2,159)	19,120	(204)	18,916
At 30 September 2013	8,337	123,767	4,437	5,574	(96,790)	45,325	3,672	48,997
At 1 July 2014	8,348	124,756	—	5,382	(110,325)	28,161	3,171	31,332
Total comprehensive expenses for the period	—	—	—	(20)	(1,341)	(1,361)	(119)	(1,480)
At 30 September 2014	8,348	124,756	—	5,362	(111,666)	26,800	3,052	29,852

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### Financial Review

For the three months ended 30 September 2014, the Group's turnover was approximately RMB8,107,000, representing an increase of 5 times as compared to the same period in the previous year (30 September 2013: approximately RMB1,298,000). Gross profit for the period was approximately RMB269,000 (30 September 2013: approximately RMB102,000).

Distribution costs for the three months ended 30 September 2014 was approximately RMB156,000, representing a decrease of 18.7% as compared to the same period in the previous year (30 September 2013: approximately RMB192,000), which was mainly attributable to decrease in salaries and wages.

Administrative expenses for this quarter was approximately RMB1,574,000 (30 September 2013: RMB2,274,000), representing a decrease of 30.8% as compared to the corresponding period in 2013, which was mainly attributable to legal and professional fee related to the acquisition of Luck Shamrock Limited in 2013. Save and except for the effect of those charges, administrative expenses for the period ended 30 September 2013, it has decreased 18.2% as compared to the same period in the previous year.



The Group recorded a net loss of approximately RMB1,460,000 for the three months ended 30 September 2014, representing a decrease of 38.2% as compared to the same period in the previous year (30 September 2013: approximately RMB2,363,000). Save and except for the effect of acquisition of Luck Shamrock Limited in 2013, the Group's net loss has decreased 27.5% as compared to the corresponding period in 2013.

## **Business Review and Prospects**

In light of the ambiguous economic environment and deteriorated financial position of most of the heavy industrial plants to which they are our major existing or targeted clients, the Group has adopted a conservative and prudent business policy for procuring energy saving solution services. Most of our energy saving services and engagements were then undertaken on cash or shorter credit term basis.

Facing the keen competition in the energy saving industry, the Group has continuously devoted great deal of efforts in research and development to upgrade its technology and products development in response to the market demand for high quality energy efficiency and saving solutions and products. Looking forward to the coming quarters, the Group will continue to develop the resources management and monitoring platform. The Group is also looking for appropriate investment opportunities in the energy efficiency sector with reasonable earnings.

## **CAPITAL STRUCTURE**

As at 30 September 2014, the Company's total number of issued shares was 1,902,490,000 shares of HK\$0.005 each (30 September 2013: 1,899,680,000 shares of HK\$0.005 each).

## **DIVIDENDS**

The directors do not recommend the payment of any dividend for the period ended 30 September 2014 (30 September 2013: Nil).

## **AUDIT COMMITTEE**

The Company has established an audit committee (the "Audit Committee") with written terms of reference, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The unaudited financial results for the three months ended 30 September 2014 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such financial results complied with the applicable accounting standards and requirements and adequate disclosure have been made.

## **PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY**

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.



## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

At 30 September 2014, 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	Approximately percentage of total issued shares as at 30 September 2014
Mr. Xu Bo	Corporate	(1)	1,270,574,400	—	<u>1,270,574,400</u>	<u>66.78%</u>
Dr. Wu Chun Wah, Michael	Corporate Personal	(1) (3)	1,270,574,400 440,000	— —	<u>1,270,574,400</u> <u>440,000</u>	
					<u>1,271,014,400</u>	<u>66.81%</u>

### Notes:

- (1) The interest disclosed represents the corporate interest in 1,270,574,400 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 Dr. Wu Chun Wah, Michael.
- (2) The interest disclosed represents the personal interest in 440,000 shares held by Dr. Wu Chun Wah, Michael.
- (3) 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 September 2014, 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 September 2014, save as disclosed in the section headed “Directors’ and Chief Executive’s Interests in Securities” above for interests of Mr. Xu Bo and Dr. Wu Chun Wah, Michael 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 held	Total	Approximately percentage of total issued shares as at 30 September 2014
Ms Chen Li	Interest of spouse	(1)	<u>1,270,574,400</u>	<u>—</u>	<u>1,270,574,400</u>	<u>66.78%</u>
Ms Lee Siu Yee, Brenda	Interest of spouse	(2)	<u>1,271,014,400</u>	<u>—</u>	<u>1,271,014,400</u>	<u>66.81%</u>

### Notes:

- (1) Ms Chen Li, the spouse of Mr. Xu Bo, is also deemed to be interested in such 1,270,574,400 shares in which Mr. Xu Bo is deemed to be interested.
- (2) Ms Lee Siu Yee, Brenda, the spouse of Dr. Wu Chun Wah, Michael, is also deemed to be interested in such 1,271,014,400 shares in which Dr. Wu Chun Wah, Michael 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 September 2014, 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 interest have been set out in the section headed “DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SECURITIES” 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' INTERESTS IN COMPETING BUSINESS**

As at 30 September 2014, none of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group during the period.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

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 Corporate Governance Code (“CG Code”) 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”).

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 as explained below:

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 the 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.

Save as the aforesaid and in the opinion of the Directors, the Company has met all relevant code provisions set out in the CG code during the period ended 30 September 2014.

## **ADOPTED CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings (“Standard Dealings”) set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and all the Directors confirmed that they have complied with the Standard Dealings during the three months ended 30 September 2014.



## **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 three months ended 30 September 2014.

By order of the Board

**Xu Bo**

*Chairman*

Hong Kong, 11 November 2014