



Creative Energy Solutions Holdings Limited

科瑞控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8109)

2015  
THIRD 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.*

## THIRD QUARTERLY RESULTS

The board of directors (the “Board”) of Creative Energy Solutions Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and nine months ended 31 March 2015 together with the comparative unaudited condensed consolidated figures for the corresponding periods in 2014, as set out below:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2015

	Notes	Three months ended 31 March (Unaudited)		Nine months ended 31 March (Unaudited)	
		2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
<b>Turnover</b>	3	641	2,704	10,843	5,601
Cost of sales/services rendered		(526)	(2,606)	(10,349)	(5,191)
<b>Gross profit</b>		115	98	494	410
Other income		—	23	5	35
Distribution costs		(41)	(87)	(350)	(423)
Administrative and other expenses		(1,653)	(1,616)	(5,299)	(5,679)
Finance cost		(207)	—	(207)	—
<b>Loss before taxation</b>		(1,786)	(1,582)	(5,357)	(5,657)
Taxation	4	—	—	(1)	(1)
<b>Loss for the period</b>		(1,786)	(1,582)	(5,358)	(5,658)
<b>Other comprehensive (expense)/ income:</b>					
Item that may be reclassified subsequently to profit or loss: Exchange difference arising from translation of foreign operation		(626)	6	(633)	(7)
<b>Total comprehensive expense for the period</b>		(2,412)	(1,576)	(5,991)	(5,665)
<b>Loss for the period attributable to:</b>					
Owners of the Company		(1,670)	(1,413)	(5,018)	(5,093)
Non-controlling interests		(116)	(169)	(340)	(565)
		(1,786)	(1,582)	(5,358)	(5,658)
<b>Total comprehensive expense for the period attributable to:</b>					
Owners of the Company		(2,303)	(1,407)	(5,651)	(5,100)
Non-controlling interests		(116)	(169)	(340)	(565)
		(2,419)	(1,576)	(5,991)	(5,665)
<b>Loss per share</b>					
Basic and diluted	5	(0.09 cents)	(0.07 cents)	(0.26 cents)	(0.27 cents)



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. 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 of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the nine months ended 31 March 2015 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective terms includes all applicable individual Hong Kong Financial Reporting Standards, 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. The unaudited condensed consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

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.

### 3. TURNOVER AND SEGMENTS INFORMATION

Turnover represents revenue arising from provision of energy saving services and sales of energy saving products.

The Group’s revenue and contribution to loss are mainly derived from its provision of energy saving services and sales of efficiency solutions products and lighting products, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Board for the purposes of resource allocation and performance assessment.



## Entity-wide disclosures

### Information about products and services

The following table sets forth the total revenue recognised in turnover from external customers by products and services during the period:

	Three months ended		Nine months ended	
	31 March		31 March	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Energy savings and efficiency solutions services and sales of related products	541	2,607	10,252	4,319
Energy savings and lighting services and sales of related products	100	97	591	914
Others	—	—	—	368
	<u>641</u>	<u>2,704</u>	<u>10,843</u>	<u>5,601</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 ("BVI") are incorporated under the International Business Companies Acts of the BVI and, accordingly, are exempted from BVI 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 three and nine months ended 31 March 2015 (2014: Nil).

### (iii) PRC enterprise income tax

Provision for PRC enterprise income tax for the three and nine months ended 31 March 2015 is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdiction in the PRC.

## 5. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the equity shareholders of the Company for the period and the weighted average number of ordinary shares in issue during the period:

	Three months ended 31 March		Nine months ended 31 March	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>Attributable to:</b>				
Equity holders of the Company	<u>(1,670)</u>	<u>(1,413)</u>	<u>(5,018)</u>	<u>(5,093)</u>
	Three months ended 31 March		Nine months ended 31 March	
	2015 Number of shares '000	2014 Number of shares '000	2015 Number of shares '000	2014 Number of shares '000
Weighted average number of ordinary shares in issue during the period	<u>1,934,157</u>	<u>1,899,680</u>	<u>1,912,891</u>	<u>1,887,223</u>
	Three months ended 31 March		Nine months ended 31 March	
	2015 RMB (Unaudited)	2014 RMB (Unaudited)	2015 RMB (Unaudited)	2014 RMB (Unaudited)
Loss per share	<u>(0.09 cents)</u>	<u>(0.07 cents)</u>	<u>(0.26 cents)</u>	<u>(0.27 cents)</u>

The calculation of the diluted loss per share amount is based on the loss for the period attributable to ordinary equity shareholders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The basic and diluted loss per share are the same for the three months and nine months ended 31 March 2015 as there were no potential ordinary shares outstanding for the respective periods.

No adjustment has been made to the basic loss per share amount presented for the three months and nine months ended 31 March 2014 as the impact of the share options in issue during those periods have no dilutive effect.

## 6. SHARE CAPITAL

	Number of of share '000	Amount RMB'000
Authorised:		
Ordinary shares of HK\$0.005		
At 30 June 2014 (audited) and at 31 March 2015 (unaudited)	20,000,000	106,000
Issued and fully paid:		
Ordinary shares of HK\$0.005		
At 30 June 2014 (audited)	1,902,490	8,348
Issue of shares under a general mandate (note)	190,000	760
At 31 March 2015 (unaudited)	2,092,490	9,108

Note: On 17 March 2015, 190,000,000 ordinary shares of HK\$0.005 each were issued and allotted to not fewer than six places at the placing price of HK\$0.16 each. Net proceeds from the placing of new shares were approximately RMB23,701,000.

## 7. RESERVES

### Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the nine months ended 31 March 2015

	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 (Audited)	8,076	102,525	4,689	5,546	(94,631)	26,205	3,876	30,081
Loss for the period	—	—	—	—	(5,093)	(5,093)	(565)	(5,658)
Exchange difference arising from translation of foreign operation	—	—	—	(7)	—	(7)	—	(7)
Share issued upon exercise of share option	14	1,265	(252)	—	—	1,027	—	1,027
Issue of shares in consideration for acquisition of interests in a subsidiary	247	19,977	—	—	—	20,224	—	20,224
At 31 March 2014 (Unaudited)	8,337	123,767	4,437	5,539	(99,724)	42,356	3,311	45,667
At 1 July 2014 (Audited)	8,348	124,756	—	5,382	(110,325)	28,161	3,171	31,332
Issue of shares	760	22,941	—	—	—	23,701	—	23,701
Loss for the period	—	—	—	—	(5,018)	(5,018)	(340)	(5,358)
Exchange difference arising from translation of foreign operations	—	—	—	(633)	—	(633)	—	(633)
At 31 March 2015 (Unaudited)	9,108	147,697	—	4,749	(115,343)	46,211	2,831	49,042



## 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

During the nine months ended 31 March 2015, the Group's turnover was approximately RMB10,843,000, representing a significantly increase of 94% as compared to the same period in the previous year (31 March 2014: approximately RMB5,601,000). Turnover for the three months ended 31 March 2015 was decreased from approximately RMB2,704,000 to approximately RMB641,000. Gross profit for the nine months ended 31 March 2015 was approximately RMB494,000. Gross profit margin for the nine months ended 31 March 2015 was 4.6% (2014: 7.3%). The decrease in gross profit margin for the nine months ended 31 March 2015 reflected the poor operating environment of the Group.

Distribution costs for the nine months ended 31 March 2015 was approximately RMB350,000 (31 March 2014: approximately RMB423,000). The decrease of the distribution costs was due to the conscientious effort of the management to reduce unnecessary staff travelling throughout the period.

Administrative expenses for the nine months ended 31 March 2015 was approximately RMB5,299,000, representing a 6.7% decrease as compared to the same period in 2014 (31 March 2014: approximately RMB5,679,000), which was mainly attributable to the budgetary control of the Group.

The Group recorded a loss of approximately RMB5,358,000 for the nine months ended 31 March 2015, representing a 5.3% decrease as compared to the same period in the previous year (31 March 2014: approximately RMB5,658,000).

### Business Review and Prospects

The Group is facing fierce competition in the energy savings industry and has made substantial loss from operations every year since 2005. The significant decrease in demand of energy efficient and savings services triggered the cut-throat competition in the energy efficiency market. Some energy saving solution providers in the energy savings industry even accept energy management contracts at losses with prolonged return periods.

The Group is taking positive steps to restructure the Group's business operations. Loss making operations will be scaled down or even be shut down. Existing business with good prospects will be restructured and expanded. New operations with reasonable earnings will be acquired in order to maximize the returns to the shareholders of the Company in line with the Company's corporate strategy.

Looking forward, the Group will continue to look for appropriate investment opportunities with reasonable and potential returns to enhance the Group's future development opportunity. Besides, the Company may carry out fund raising activities including but not limited to placing of new shares and issue bonds.





## Capital Structure

As at 31 March 2015, the Company's total number of issued shares was 2,092,490,000 shares of HK\$0.005 each (30 June 2014: 1,902,490,000 shares of HK\$0.005 each). Details of the capital structure of the Company are set out in note 6 to the unaudited condensed consolidated statements.

## Capital Raising

On 26 February 2015, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best endeavour basis, up to 190,000,000 placing shares, to not less than six placees who and whose beneficial owners are independent third parties at a price of HK\$0.16 per placing share. The placing shares were allotted and issued under the general mandate granted from the shareholders at the annual general meeting held on 7 November 2014. On 17 March 2015, an aggregate of 190,000,000 placing shares were successfully placed by the placing agent to not fewer than six placees at the placing price of HK\$0.16 per placing share pursuant to the terms and conditions of the placing agreement.

With the limited available resources during the period, the Directors expected that the Group might depend on further financing from its shareholders and bankers to finance its business operations and to achieve its business objectives.

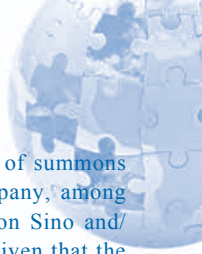
## DIVIDENDS

The directors do not recommend the payment of any dividend for the period ended 31 March 2015 (2014: Nil).

## EVENT AFTER REPORTING DATE

On 8 April 2015, the Company entered into an agreement with two independent third parties (the "Vendors"), pursuant to which the Company has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the 70% equity interest in Red Rabbit Technology Inc., at a maximum consideration of HK\$50,400,000 payable by the issue and allotment of the consideration shares and the issue of promissory note. This transaction is not completed up to the date of this report.

On 28 April 2015, MBA Capital Limited ("MBA") issued a writ of summons against the Company in the High Court of Hong Kong claiming from the Company, among other things, that a total sum of HK\$2,400,000 was owed by the Company to MBA and/or damages. Mr. Wu Chun Wah is a director and a shareholder of MBA. The Company is seeking legal advice on the above legal proceeding. Given that the above legal proceeding is at an early stage, the Company considers that it is not possible nor practical to assess its potential impact on the Company at this juncture.



On 8 May 2015, Million Sino Investments Limited (“Million Sino”), issued a writ of summons against the Company in the District Court of Hong Kong claiming from the Company, among other things, that a total sum of HK\$350,000 was owed by the Company to Million Sino and/or damages. The Company is seeking legal advice on the above legal proceeding. Given that the above legal proceeding is at an early stage, the Company considers that it is not possible nor practical to assess its potential impact on the Company at this juncture.

## 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 nine months ended 31 March 2015 have been reviewed by the Audit Committee. The Chairman of Audit Committee Mr. Lau Yu Ching does not approve the financial results. The reason is that the Company should base on the professional opinion, such as valuer and auditors of the Company (the “Auditors”), to make impairment and provision regarding the goodwill and accounts receivable of the Company. The other members of the Audit Committee, Mr. Zhao Bin, Mr. Ng Chi Ho, Dennis and Mr. Wai Tze Lung, Francis are of the opinion that the preparation of such financial results complied with the applicable accounting standards and requirements and adequate disclosure have been made.

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

At 31 March 2015, the interests and short positions of the directors and chief executive of the Company 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 Director	Capacity/Nature of interest	Notes	Number of shares	Approximately percentage of interest
Mr. Xu Bo	Interest in a controlled corporation	(1)	1,270,574,400	60.72%

*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, a former executive director of the Company.
- (2) All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed above and in the section headed “Substantial Shareholders’ Interest in Securities” below, as at 31 March 2015, 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 31 March 2015, 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 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	Notes	Number of issued ordinary shares held	Approximately percentage of interest
Million Sino Investments Limited	Beneficial owner	(1)	1,270,574,400	60.72%
Mr. Xu Bo	Interest in a controlled corporation	(1)	1,270,574,400	60.72%
Dr. Wu Chun Wah	Interest in a controlled corporation Beneficial owner	(1)	1,270,574,400 440,000	
			1,271,014,400	60.74%
Ms. Chen Li	Interest of spouse	(2)	1,270,574,400	60.72%
Ms. Lee Siu Yee, Brenda	Interest of spouse	(3)	1,271,014,400	60.74%

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.
- (2) Ms. Chen Li, the spouse of Mr. Xu Bo, is also deemed to be interested in such 1,270,574,400 shares and 440,000 underlying shares in which Mr. Xu Bo is deemed to be interested.

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- (3) Ms. Lee Siu Yee, Brenda, the spouse of Dr. Wu Chun Wah, is also deemed to be interested in such 1,271,014,400 shares in which Dr. Wu Chun Wah is deemed to be interested.
- (4) All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed above, as at 31 March 2015, 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.

### **SHARE OPTION SCHEME**

The Company adopted a share option scheme (the “Scheme”) pursuant to a resolution passed by the shareholders on 5 November 2010. Under the Scheme, the Board may grant share options to the eligible persons to subscribe for such number of shares during such period of time as the Board may determine.

As at 31 March 2015, none of the Directors, employees and other eligible persons of the Company on its subsidiaries were granted options to subscribe for the shares of the Company.

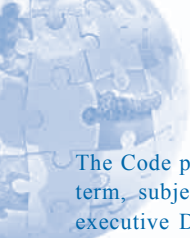
### **DIRECTORS’ INTERESTS IN COMPETING BUSINESS**

As at 31 March 2015, 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 CODE OF BEST PRACTICE**

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”).

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 the Non-executive Directors and 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 Non-executive Directors and 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 31 March 2015.

### **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 nine months ended 31 March 2015.

### **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 nine months ended 31 March 2015.

By order of the Board

**Xu Bo**

*Chairman*

Hong Kong, 11 May 2015

*As at the date of this report, the Board comprises Dr. Ma Jun, Chow Yik and Mr. Leung King Fai as the executive directors; Mr. Xu Bo as non-executive director, and Mr. Lau Yu Ching, Dr. Zhao Bin, Mr. Ng Chi Ho, Dennis and Mr. Wai Tze Lung, Francis as the independent non-executive directors.*