

Chinese Energy Holdings Limited

(Incorporated in Hong Kong with limited liability)

Stock Code : 8009



Third Quarterly Report 2013

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This Report, for which the directors (the “**Directors**”) of Chinese Energy 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.*

SUMMARY

The Group's unaudited consolidated loss attributable to owners of the Company for the nine months ended 31 December 2013 was approximately HK\$19,818,000, as compared to the unaudited consolidated profit attributable to owners of the Company of approximately HK\$105,442,000 for the corresponding nine-month period in 2012. No interim dividend is recommended for the period. The Group had current assets totaling approximately HK\$278,918,000 at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

During the nine-month period ended 31 December 2013, the principal activities of the Company together with its subsidiaries (collectively the “**Group**”) were engaged in provision of management service, investment in financial and investment products and provision of technical advisory and market consultation services. The turnover for the Group was approximately HK\$5,286,000 as compared to approximately HK\$163,058,000 for the corresponding period in 2012.

We continue our objective of enhancing the value of the Company's shares. We will cautiously make use of excess funds on investments in Hong Kong equity market. The investment strategy is reviewed and monitored frequently and we will take appropriate actions whenever necessary in response to the changes in fundamental market situation. With adequate funds on hand, we will also continue to identify projects not limited to natural resources with growth potential and also possess the management ability to capture business opportunities.

According to the Management Agreement, Shenzhen Careall Capital Investment Co., Ltd. (“**Careall Capital**”) did not generate any profit for the relevant period. Hence, the Company will not receive any management fee income. The Company is now considering to amend the terms of the New Management Agreement such that Careall Capital will pay to 深圳華亞能源有限公司 (“**Shenzhen Huaya**”) a management fee based on a lower percentage of net profits after tax and extraordinary items of Careall Capital, plus a fixed annual management fee. The Board is of the view that such new arrangement of management fee will ensure a stable income for the Group and is in the interests of the Company and its shareholders as a whole. Should the amendment to the Management Agreement is agreed between the parties, the Company will make an announcement in compliance with the GEM Listing Rules if necessary.

BUSINESS REVIEW

Further extension of long stop date of disposal of a subsidiary

On 14 January 2014, the Company entered into a new deed of variation with the Vendor, the Purchaser and the Guarantor pursuant to which the parties mutually agreed to further extend the long stop date for completion of the Agreement to 28 February 2014. For details please refer to the announcement of the company dated 14 January 2014, 24 October 2013 and 20 June 2013.

Entering into a participation agreement with Intrepid Drilling, LLC

On 24 November 2013, CEH Energy LLC, a wholly-owned subsidiary of the Company incorporated in the United States of America entered into a participation agreement with Intrepid Drilling, LLC, a Mississippi limited liability company in respect of drilling of a new well within the South Lake Charles Prospect, which covers 453 leasehold acres, more or less, in Calcasieu Parish, Louisiana, and is the area of mutual interest for the Participation Agreement. The initial well on the prospect will be drilled to a total of 15,000 feet true vertical depth to test the objective Hackberry sands. For details please refer to the announcement of the Company dated 28 November 2013.

Acquisition of 51% Interest in Careall International Energy Holdings Company Limited

On 20 January 2014, the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor (the chairman of the Board and an executive Director) entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire the Sale Shares and the Sale Loan from the Vendor at the Consideration of US\$10,200,000 in cash. Assets to be acquired are as follows:

- (i) The Sale Shares, being 51% of the entire issued share capital of the Target Company; and
- (ii) The Sale Loan, being 100% of all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion, amounted to US\$10,200,000.

For details please refer to the announcement of the Company dated 20 January 2014.

Placing of Unlisted Warrants

On 28 January 2014 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company had conditionally appointed the Placing Agent as its agent to place, on a best-effort basis, Warrants conferring the right to subscribe for up to 211,000,000 Shares in aggregate at an issue price of HK\$0.01 per Warrant. For details please refer to the announcement of the Company dated 28 January 2014.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had current assets totaling approximately HK\$278,918,000. The management of the Group considers its financial resources to be liquid because approximately 59.6% of this total comprised of bank balances and cash. The Group's gearing ratio at 31 December 2013 was 0% (31 March 2013: 0%), as calculated by taking the ratio of the Group's total interest-bearing borrowings, divided by its shareholders' funds.

4

The Group has no borrowings as at 31 December 2013 (31 March 2013: HK\$ nil) and no contingent liabilities as at 31 December 2013 (31 March 2013: HK\$ nil). As at 31 December 2013, the Group did not pledge any asset to a financial institution in respect of the due and punctual payment of its obligations (31 March 2013: HK\$ nil).

INVESTMENTS

The Company continues to identify suitable investments in Hong Kong stock equity market as well as any industry with high growth potential in the People's Republic of China (the "PRC"). As of 31 December 2013, the Group has long-term financial investments approximately HK\$5,703,000 (31 March 2013: nil) being the participation interest of the oil well in USA. The management will continue its conservative approach. In general, the investment strategy will be reviewed frequently to take appropriate actions whenever necessary in response to changes in market situation.

REVENUE, GROSS PROFIT AND ADMINISTRATIVE EXPENSES

During the nine-month period ended 31 December 2013, the Group's turnover was approximately HK\$5,286,000 which was comprised of revenue generated from the newly formed provision of technical advisory and market consultation services activity, as compared to a turnover of approximately HK\$163,058,000 from management fee income for the corresponding nine-month period in 31 December 2012.

The Group generated a net loss attributable to owners of the Company of approximately HK\$19,818,000 for the nine months ended 31 December 2013, as compared to approximately HK\$105,442,000 for the corresponding period in 2012. The gross loss for the period ended 31 December 2013 was approximately HK\$9,341,000 (2012: gross profit of approximately HK\$138,528,000). The Group's administrative expenses was amounted to approximately HK\$10,475,000 (2012: approximately HK\$7,614,000).

RESULTS

The board of Directors (the "board") presents the unaudited consolidated results of the Group for the three months and the nine months ended 31 December 2013 together with the comparative unaudited figures for the corresponding periods in 2012 as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months and nine months ended 31 December 2013

Notes	Three months ended 31 December		Nine months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Continuing operations				
Turnover	3	5,286	5,286	163,058
Cost of sales		(8,047)	(14,627)	(24,530)
Gross (loss) profit		(2,761)	(9,341)	138,528
Other income		3	10	145
Gain on redemption of convertible bonds		–	–	1,590
Administrative expenses		(3,288)	(10,475)	(7,614)
Finance expenses		–	–	(144)
(Loss) profit before taxation	4	(6,046)	(19,806)	132,505
Taxation	5	(12)	(12)	(40,765)
(Loss) profit for the period from continuing operations		(6,058)	(19,818)	91,740
Discontinued operations				
(Loss) profit for the period from discontinued operations		–	–	13,701
(Loss) profit for the period		(6,058)	(19,818)	105,441

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Other comprehensive (expenses) income for the period, net of tax					
Exchange difference arising on translation		1,091	–	71	(2,649)
Reclassified adjustments relating to foreign operations disposed of during the period		–	–	–	134
		1,091	–	71	(2,515)
Total comprehensive (expenses) income for the period, net of tax		(4,967)	(9,953)	(19,747)	102,926
(Loss) profit for the period attributable to:					
Owners of the Company		(6,058)	(9,953)	(19,818)	105,442
Non-controlling interests		–	–	–	(1)
		(6,058)	(9,953)	(19,818)	105,441
Total comprehensive (expenses) income for the period attributable to:					
Owners of the Company		(4,967)	(9,953)	(19,747)	102,927
Non-controlling interests		–	–	–	(1)
		(4,967)	(9,953)	(19,747)	102,926
(Loss) earnings per shares	7				
From continuing and discontinued operations – basic (HK cents)		(0.57)	(1.10)	(1.87)	12.65
– and diluted (HK cents)		(0.57)	(1.10)	(1.87)	12.65
From continuing operations – basic (HK cents)		(0.57)	(1.10)	(1.87)	11.01
– and diluted (HK cents)		(0.57)	(1.10)	(1.87)	11.01

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Notes

1. GENERAL INFORMATION

The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in provision of management service, investment in financial and investment products and provision of technical advisory and market consultation services. The addresses of its registered office and principle place of business are Unit 2207, 22/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of GEM Listing Rules and with Hong Kong Accounting Standard (“**HKAS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate. The financial statements are unaudited, but have been reviewed by the audit committee of the Group.

3. TURNOVER

An analysis of the Group’s revenue for the period is as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2013 (Unaudited) HK\$’000	2012 (Unaudited) HK\$’000	2013 (Unaudited) HK\$’000	2012 (Unaudited) HK\$’000
Continuing operations				
Management fee income	–	–	–	163,058
Dividends from listed available for sale investments	–	–	–	–
Technical advisory and market consultation services	5,286	–	5,286	–
	5,286	–	5,286	163,058

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging (crediting):

	Nine months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Staff costs		
Salaries and allowances	2,930	2,248
Net contributions to retirement benefits schemes	40	39
	2,970	2,287
Operating lease charges in respect of rented premises	1,606	2,298
Amortisation of intangible assets	9,870	24,530
Depreciation expense	769	393
Interest income	(10)	–

8

5. TAXATION

	For the three months ended 31 December		For the nine months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Current Tax				
The PRC	(12)	–	(12)	40,765
Taxation attributable to the Group	(12)	–	(12)	40,765

Hong Kong Profits Tax has not been provided as the Group had no estimated assessable profit in Hong Kong for the period.

Tax arising in the PRC is calculated at the rates of tax prevailing in the PRC.

6. MOVEMENT OF RESERVES

	Equity attributable to owners of the Company									
	Share premium	Capital redemption reserve	Merger reserve	Special capital reserve	Translation reserve	Equity component of convertible bonds	Accumulated profits/(losses)	Sub-total	Non-controlling interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012	30,090	3,297	45,918	60,592	58,652	3,362	(526,175)	(324,264)	(5)	(324,269)
Total comprehensive income (expenses) for the period	-	-	-	-	(2,515)	-	105,442	102,927	(1)	102,926
Transfer to share premium (Note)	686,926	-	-	-	-	-	-	686,926	-	686,926
Elimination of accumulated losses as at 31 March 2011 against share premium (Note)	(347,644)	-	-	-	-	-	347,644	-	-	-
Issue of shares by placing for cash	1,344	-	-	-	-	-	-	1,344	-	1,344
Redemption of convertible bonds	-	-	-	-	-	(3,362)	-	(3,362)	-	(3,362)
At 31 December 2012	370,716	3,297	45,918	60,592	56,137	-	(73,089)	463,571	(6)	463,565

	Equity attributable to owners of the Company									
	Share premium	Capital redemption reserve	Merger reserve	Special capital reserve	Translation reserve	Equity component of convertible bonds	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013	381,133	3,297	45,918	60,592	67,114	-	(321,981)	236,073	-	236,073
Total comprehensive income (expenses)	-	-	-	-	71	-	(19,818)	(19,747)	-	(19,747)
At 31 December 2013	381,133	3,297	45,918	60,592	67,185	-	(341,799)	216,326	-	216,326

Note:

Pursuant to a special resolution passed at an extraordinary general meeting of the Company held on 12 December 2011 and the subsequent order of the High Court made on 29 May 2012, the amount of approximately HK\$686,926,000 then standing to the credit of the share capital accounts of the Company was reduced in accordance with the provisions of the Hong Kong Companies Ordinance (the “**Capital Reorganisation**”) with effect from 26 June 2012. Out of the credit arising from the Capital Reorganisation, approximately HK\$347,644,000 was applied to eliminate the accumulated losses of the Company as at 31 March 2011 and the remaining balance of approximately HK\$339,282,000 of the credit arising from the Capital Reorganisation was credited to share premium in the accounting records of the Company.

7. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	Three months ended 31 December		Nine months ended 31 December	
	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
(Loss) earnings				
(Loss) earnings for the period attributable to owners of the Company purpose of basic loss per share	(6,058)	(9,953)	(19,818)	105,442
Number of shares	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	1,058,841	908,841	1,058,841	833,389
	1,058,841	908,841	1,058,841	833,389

The diluted loss per share for the continuing and discontinued operations is same as the basic loss per share for the continuing and discontinued operations as no potential ordinary shares outstanding in the period ended 31 December 2013 and the dilutive potential ordinary shares were anti-dilutive in 2012.

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
(Loss) earnings for the period attributable to owners of the Company	(4,967)	(9,953)	(19,748)	105,442
Less: Profit for the period from discontinued operation	–	–	–	13,702
(Loss) earnings for the purpose of basic (loss) earnings per share from continuing operations	(4,967)	(9,953)	(19,748)	91,740

The denominators used are the same as those detailed above for basic loss per share and diluted loss per share for the continuing operations is same as the basic loss per share for the continuing operations as no potential ordinary shares outstanding in the period ended 31 December 2013 and the dilutive potential ordinary shares were anti-dilutive in year 2012.

From discontinued operations

Basic earnings per share for the discontinued operations is HK nil cents per share (for nine months ended 31 December 2012: basic earnings per share is HK1.64 cents).

The diluted earnings per share for the discontinued operations is not presented because there were no potential dilutive shares during the nine months ended 31 December 2013. The diluted loss per share is same as the basic loss per share for the discontinued operations as the dilutive potential ordinary shares were anti-dilutive for nine months ended 31 December 2013.

9. INTERIM DIVIDEND

The Directors do not recommend the payment of dividend for the nine months ended 31 December 2013 (2012: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2013, neither of the Directors nor the Chief Executive of the Company had interests or short positions in the shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (Chapter 571, Laws of Hong Kong)) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules.

12 Long positions in ordinary shares of HK\$0.1 each of the Company (the "Shares")

No long positions of Directors in the shares of the Company were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

Long positions in the shares of associated corporation

No long positions of the Directors in the shares of the associated corporation of the Company were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

Long positions in underlying shares – share options granted by the Company

No long positions of Directors in the underlying shares of the equity derivatives of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

Long positions in debentures

No long positions of Directors in the debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

Short positions in the shares of the Company

No short positions of Directors in the shares of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

Short positions in underlying shares

No short positions of Directors in the underlying shares of the equity derivatives of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

Short positions in debentures

No short positions of Directors in the debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

At 31 December 2013, none of the Directors had any interests in any shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

At 31 December 2013, the following persons (other than the interests disclosed above in respect of certain Directors or Chief Executives of the Company) had no interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in the shares of HK\$0.1 each of the Company

Name of Substantial Shareholder	Capacity/Nature of interest	Number of ordinary shares in the Company held	Percentage of issued share capital of the Company (Note 2)
Liang Ying Shu (Note 1)	Beneficial owner	74,244,700	7.01%
Wang Jiao (Note 1)	Beneficial owner	74,244,700	7.01%

Note:

1. These shares are registered under a jointly owned account. By virtue of the SFO, both parties were deemed to be interested in the Shares.
2. The percentage is based on 1,058,841,000 issued Shares as at 31 December 2013.

14

Long positions in underlying shares

No long positions of other persons and substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.

Short positions in the shares of the Company

No short positions of other persons and substantial shareholders in the shares of the Company were recorded in the register.

Short positions in underlying shares

No short positions of other persons and substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.

Save as disclosed above, as at 31 December 2013, the Directors and Chief Executive of the Company are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which were interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any persons (not being a Director) have interests or short positions in the shares or underlying shares of the Company which would full to be disclosed to the Company under the provisions in Divisions 2 and 3 of Part XV of the SFO.

AUDIT COMMITTEE

As required by Rules 5.28 to 5.33 of the GEM Listing Rules, the Company has an audit committee ("**Audit Committee**") which was established with written terms of reference in compliance with the GEM Listing Rules. As at the date of this report, the Audit Committee had three members comprising the three independent non-executive Directors, namely Mr. Lam Tze Chung (Chairman of the Audit Committee), Mr. Wu Ka Ho Stanley and Mr. Yue Laiqun. The primary duties of the Audit Committee are to review the financial information of the Group and supervise the financial reporting process and internal control procedures of the Group. The Group's third quarterly results for the nine months ended 31 December 2013 have been reviewed by the members of the Audit Committee, who are of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange listing requirements and legal requirements and that adequate disclosures have been made.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Associations which would oblige the Company to offer new shares on a pro rate basis to existing shareholders.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions in securities of the Company. Upon the Group's specific enquiry, each Director confirmed that during the period ended 31 December 2013 he or she had fully complied with the required standard of dealings and there was no event of non-compliance.

COMPETING INTERESTS

During the period under review, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business that competed with the Group or might compete with the business of the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the period under review, the Company has applied the principles and complied with all the code provisions of the Code on Corporate Governance Practices (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules except for the deviation below:

Appointment term of non-executive Directors

Under code provision A.4.1 of the Code, non-executive Directors should be appointed for a specific term, subject to re-election while all Directors should be subject to retirement by rotation at least once every three years. All independent non-executive Directors were not appointed for a specific term but they are subject to retirement by rotation and re-election at annual general meetings of the Company in line with the Articles. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

By Order of the Board
Chinese Energy Holdings Limited
Shi Yanmin
Chairman

16

Hong Kong, 11 February 2014

The Directors as at the date of this report are as follows:

Executive Directors

Mr. Shi Yanmin
Mr. Yau Yan Ming Raymond
Mr. Zha Jian Ping
Mr. Ji Peng

Non-executive Director

Ms. Qi Yue

Independent non-executive Directors

Mr. Lam Tze Chung
Mr. Wu Ka Ho Stanley
Mr. Yue Laiqun