

Chinese Energy Holdings Limited

(Incorporated in Hong Kong with limited liability)

Stock Code: 8009

Second Quarterly Report

2015

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*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 six months ended 30 September 2015 was approximately HK\$51,400,000, as compared to the unaudited consolidated profit attributable to owners of the Company of approximately HK\$6,001,000 for the corresponding six-month period in 2014. No interim dividend is recommended for the period.

The Group continues to be in a healthy financial condition with current assets at a comfortable level of approximately HK\$482,105,000 at the end of the reporting period.

BUSINESS REVIEW

Share Consolidation

On 22 June 2015, the Company implemented the Share Consolidation of every two issued Shares in the share capital of the Company into one Consolidated Share each. It was expected to bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange, which reduced the overall transaction costs. Accordingly, the Directors were of the view that the Share Consolidation was in the interests of the Company and the Shareholders as a whole.

Open Offer

After the Share Consolidation became effective, the Company intended to raise approximately HK\$162,002,000, before expenses, by way of an Open Offer of 1,080,010,750 Offer Shares, at the Subscription Price of HK\$0.15 per Offer Share on the basis of one Offer Share for every one Consolidated Share in issue on the Record Date. The Open Offer was available only to the Qualifying Shareholders and was not to be extended to the Non-Qualifying Shareholders.

Based on 1,080,010,750 Offer Shares, the estimated net proceeds from the Open Offer was approximately HK\$156.9 million. The Company intended to use the net proceeds for future investment in trading of liquefied natural gas business and for general working capital use of the Group. The Open Offer was fully underwritten by the Underwriter which shall ensure that the Company maintained the minimum public float requirement in compliance with Rule 11.23 of the GEM Listing Rules. On Monday, 27 July 2015, date for acceptance of and payment for the Offer Shares, 12 valid acceptances of the assured entitlement had been received for a total of 369,893,809 Offer Shares, which represent approximately 34.25% of the total 1,080,010,750 Offer Shares offered under the Open Offer. The Open Offer was under-subscribed by 710,116,941 Offer Shares, representing approximately 65.75% of the total number of Offer Shares available for subscription under the Open Offer. In accordance with the terms of the Underwriting Agreement, the Underwriter, Kingston Securities Limited, had subscribed for 710,116,941 Offer Shares, which had not been taken up by the Qualifying Shareholders.

For details and capitalised terms, please refer to the announcements of the Company dated 24 March 2015, 19 June 2015, 5 August 2015, the circular of the Company dated 2 June 2015 and the prospectus of the Company dated 13 July 2015.

Issue of Convertible Note under General Mandate

On 25 September 2015, Chinese Energy and the Subscriber, a wholly-owned subsidiary of Easyknit International, entered into the Subscription Agreement in respect of the issue of and subscription for the Convertible Note in an aggregate principal amount of HK\$60,480,000.

Assuming full conversion of the Convertible Note at the initial Conversion Price of HK\$0.14 per CE Share, a total of 432,000,000 new CE Shares was allotted and issued, representing (i) approximately 20% of the issued share capital of Chinese Energy as at the date of the Joint Announcement; and (ii) approximately 16.67% of the issued share capital of Chinese Energy as enlarged by the allotment and issue of the Conversion Shares. Chinese Energy intended to apply the net proceeds from the Subscription for general working capital of the CE Group.

For details and capitalised terms, please refer to the announcements of the Company dated 25 September 2015 and 7 October 2015.

Letter of Intent in Relation to the Possible Acquisition

The Board announced that on 14 October 2015 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the nonlegally binding Letter of Intent with the Vendor (an Independent Third Party) in respect of the Possible Acquisition. Pursuant to the Letter of Intent, the Refundable Deposit of HK\$50,000,000 shall be payable by the Purchaser upon signing of the Letter of Intent.

The Vendor shall sell and the Purchaser shall acquire the Sale Shares, representing a maximum of 44.76% of the issued share capital of the Target Company. The Target Group is principally engaged in trading in and distribution and logistics of liquefied natural gas in the PRC.

For details and capitalised terms, please refer to the announcement of the Company dated 14 October 2015.

USE OF PROCEEDS

Apart from the fund raising activity mentioned below, the Company has not conducted any other fund raising activities during the 12 months immediately preceding the period under review.

Date of announcement	Fund raising activities	Net proceeds raised and intended use of proceeds	Actual use of proceeds as at 30 September 2015
24 March 2015	Open offer on basis of one offer share for every one share held	Approximately HK\$30 million is intended to be used for working capital. Approximately HK\$126.9 million is intended for future investment in liquefied natural gas business	Approximately HK\$30 million was used for working capital. Approximately HK\$126.9 million was placed at an account pending for intended use
13 January 2015	Placing of new shares under general mandate	Approximately HK\$29.6 million is intended to be used for the Group's future investment purposes and general working capital	Approximately HK\$29 million was used for investment in securities; and the remaining of approximately HK\$0.6 million was placed at an account pending for intended use
1 August 2014	(1) Placing of 211,760,000 new shares under general mandate	Approximately HK\$37.1 million as to: <ul style="list-style-type: none"> <li data-bbox="512 943 748 1054">(a) approximately HK\$19.7 million for the Group's general working capital; and <li data-bbox="512 1070 748 1182">(b) approximately HK\$17.4 million for investing in oil and gas exploration business. 	<ul style="list-style-type: none"> <li data-bbox="777 863 1044 1118">(a) Approximately HK\$19.7 million was used for general working capital, which was allocated as to HK\$10 million for investment in securities and approximately HK\$9.7 million for investment in financial products; and <li data-bbox="777 1134 1044 1216">(b) approximately HK\$17.4 million was used for general trading business.

Date of announcement	Fund raising activities	Net proceeds raised and intended use of proceeds	Actual use of proceeds as at 30 September 2015
	(2) Open offer on the basis of one offer share for every two shares held	<p>Approximately HK\$61.4 million as to:</p> <p>(a) approximately 33% (equivalent to approximately HK\$20.3 million) for capital investment in Shenzhen Hua Ya Energy Company Limited ("Shenzhen Hua Ya"); and</p> <p>(b) approximately 67% (equivalent to approximately HK\$41.1 million) investing in general trading business.</p> <p><small>Note</small></p>	<p>(a) Approximately HK\$21.3 million was used in capital investment for commercial factoring business; and</p> <p>(b) HK\$40.1 million was used for general trading business.</p> <p><small>Note</small></p>

Note:

As set out in the prospectus of the Company dated 12 September 2014, the Company elaborated that the intended use of proceeds from the open offer of approximately HK\$61.4 million would be used as to: (a) approximately HK\$20.3 million for capital injection in Shenzhen Hua Ya to expand its business in the PRC; and (b) approximately HK\$41.1 million in general trading business. Subsequently, as the Company has identified another business opportunity in the commercial factoring business, to which the Board considered it with more potential and was more beneficial to the Shareholders and Company as a whole, the Company therefore decided to apply the net proceeds that were originally allocated to Shenzhen Hua Ya to the commercial factoring business. Hence, the actual use of proceeds of the open offer is slightly different than that of its original plan in this regard. Shareholders and potential investors are recommended to read the announcement of the Company dated 1 August 2014, together with the prospectus of the Company dated 12 September 2014, for details of use of proceeds in relation to the placing and open offer as detailed in the announcement of the Company dated 1 August 2014.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group continues to be in a healthy financial position with current assets totaling approximately HK\$482,105,000 (31 March 2015: approximately HK\$337,431,000). The management of the Group considers its financial resources to be liquid because approximately 28.8% of this total comprised of bank balances and cash.

The Group's gearing ratio at 30 September 2015 was 0% (31 March 2015: 0%), as calculated by taking the ratio of the Group's total interest-bearing borrowings, divided by its shareholders' funds.

The Group has no borrowings as at 30 September 2015 (31 March 2015: HK\$Nil) and no contingent liabilities as at 30 September 2015 (31 March 2015: HK\$Nil). As at 30 September 2015, the Group did not pledge any asset to a financial institution in respect of the due and punctual payment of its obligations (31 March 2015: HK\$Nil).

FOREIGN EXCHANGE EXPOSURE

As of 30 September 2015, most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars and Renminbi. The Group's exposure to currency risk is minimal. The Group did not have any derivatives for hedging against the foreign exchange risk at 30 September 2015.

CREDIT RISK

Credit risk exposure represents trade receivables from customers which principally arise from our business activities. The Group has a credit policy in place and the credit risk is monitored on an ongoing basis. In order to minimize the credit risk, management of the Group reviews the recoverable amount of trade debt owned by each individual at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Board of Directors consider that the Group's credit risk is significantly controlled. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 36% (31 March 2015: 38%) the total trade revenue and trade receivables was due from the Group's largest customer in the PRC and 99.6% (31 March 2015: 80%) was due from the top five customers of general trading.

LIQUIDITY RISK

The Group monitors its current and expected liquidity requirements regularly and ensuring sufficient liquid cash and adequate committed lines of funding from reputable financial institutions are available to meet the Group's liquidity requirements in the short and long term.

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 30 September 2015, the Group have financial investments with fair value of approximately HK\$37,538,000 (31 March 2015: HK\$100,158,000). 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 six-month period ended 30 September 2015, the Group's turnover was approximately HK\$278,828,000 which was comprised of revenue from management fee income, general trading and factoring services, as compared to a turnover of HK\$93,459,000 for the corresponding six-month period in 2014.

The Group generated a net loss attributable to owners of the Company of approximately HK\$51,400,000 for the six months ended 30 September 2015, as compared to a net profit attributable to owners of the Company of approximately HK\$6,001,000 for the corresponding period in 2014. The gross profit for the period ended 30 September 2015 was approximately HK\$15,525,000 (2014: gross profit of approximately HK\$8,966,000). The Group's administrative expenses amounted to approximately HK\$18,170,000 (2014: approximately HK\$7,049,000). The other losses for the period was approximately HK\$55,315,000 (2014: other gain of approximately HK\$2,709,000), which mainly came from realised and unrealised loss from financial assets at fair value through profit or loss.

COMMENTARY ON SEGMENTAL INFORMATION

Geographical segments

The geographical location of the Group's financial and investment products can be categorised into the PRC and Hong Kong. Details of results by geographical segments are shown in Note 5 to the condensed interim financial statements.

Business segments

For management purposes, the Group is organised into five operating divisions during the period ended 30 September 2015. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- (a) Provision of management services;
- (b) Investment in financial and investment products;
- (c) General trading (including market sourcing of technical and electronic products, and trading of oil and gas related products);
- (d) Provision of factoring services;
- (e) Money lending.

Details of results by business segments are shown in Note 5 to the condensed interim financial statements.

EMPLOYEES

As of 30 September 2015, the Group employed 8 staffs (31 March 2015: 10). Remuneration for the employees of the Company is typically reviewed once a year by remuneration committee, or as the management deems appropriate. For the six months ended 30 September 2015, the total remuneration expenses, including contributions to the Mandatory Provident Fund, were approximately HK\$1,708,000 (2014: approximately HK\$1,810,000).

The Group has not granted any share option to the employees under its existing share option schemes.

RESULTS

The board of Directors (the “**Board**”) presents the unaudited consolidated results of the Group for the three months and the six months ended 30 September 2015 together with the comparative unaudited figures for the corresponding periods in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2015

	Notes	Three months ended 30 September		Six months ended 30 September	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Turnover	4	139,504	93,459	278,828	93,459
Cost of sales		(132,478)	(81,966)	(263,303)	(84,493)
Gross profit		7,026	11,493	15,525	8,966
Other income		6,437	1,375	10,470	1,375
Other (losses) gain	9	(68,799)	2,709	(55,315)	2,709
Administrative expenses		(11,793)	(4,592)	(18,170)	(7,049)
(Loss)/profit before taxation	6	(67,129)	10,985	(47,490)	6,001
Income tax expenses	7	(2,086)	–	(3,910)	–
(Loss)/profit for the period attributable to owners of the Company		(69,215)	10,985	(51,400)	6,001
Other comprehensive income (expense) for the period, net of tax		19	(1)	1,971	(1)
		19	(1)	1,971	(1)
Total comprehensive income (expense) for the period attributable to owners of the Company, net of tax		(69,196)	10,984	(49,429)	6,000
(Loss)/earnings per share	8				
– basic (HK cents)		(0.03)	1.00	(0.02)	0.54
– diluted (HK cents)		(0.03)	1.00	(0.02)	0.54

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	<i>Notes</i>	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		734	907
Intangible asset	11	60,190	69,766
Available-for-sale financial assets	12	–	5,304
		60,924	75,977
Current assets			
Trade and other receivables	13	209,140	212,738
Loan receivables		96,789	6,780
Held-for-trading investment		37,538	100,158
Bank balances and cash		138,638	17,755
		482,105	337,431
Current liabilities			
Trade and other payables		17,315	1,510
Income tax payables		6,464	5,221
		23,779	6,731
Net current assets		458,326	330,700
Net assets		519,250	406,677
Capital and reserves			
Share capital	14	845,049	683,047
Reserves		(325,799)	(276,370)
Equity attributable to owners of the Company		519,250	406,677

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Net cash used in operating activities	(44,194)	(8,561)
Net cash generated from investing activities	2,992	41,000
Net cash generated from financing activities	162,003	37,164
Net increase in cash and cash equivalents	120,801	69,603
Cash and cash equivalents at beginning of period	17,755	81,180
Effect of foreign exchange rate changes	82	(1)
Cash and cash equivalents at end of period	138,638	150,782
Analysis of balances of cash and cash equivalents Represented by bank balances and cash	138,638	150,782

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Merger reserve HK\$'000	Special capital reserve HK\$'000	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	Accumulated (losses) profits HK\$'000	Total HK\$'000
At 1 April 2014 (audited)	550,906	-	-	45,918	-	66,355	(149)	(380,906)	282,124
Total comprehensive (expenses) income for the period	-	-	-	-	-	(1)	-	6,001	6,000
Issue of shares by placing	37,164	-	-	-	-	-	-	-	37,164
At 30 September 2014 (unaudited)	588,070	-	-	45,918	-	66,354	(149)	(374,905)	325,288

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Merger reserve HK\$'000	Special capital reserve HK\$'000	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2015 (audited)	683,047	-	-	45,918	-	67,933	(1,921)	(388,300)	406,677
Loss for the period	-	-	-	-	-	-	-	(51,400)	(51,400)
Other comprehensive income	-	-	-	-	-	50	1,921	-	1,971
Total comprehensive income (expenses) for the period	-	-	-	-	-	50	1,921	(51,400)	(49,429)
Issue of shares upon open offer (Note a)	162,002	-	-	-	-	-	-	-	162,002
At 30 September 2015 (unaudited)	845,049	-	-	45,918	-	67,983	-	(439,700)	519,250

Note:

- (a) The Company has issued 1,080,010,750 new shares at HK\$0.15 per share under open offer on 6 August 2015.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2015

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in provision of management services, investment in financial and investment products, general trading, provision of factoring services and money lending. 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 Hong Kong Accounting Standard 34 (“**HKAS 34**”) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “**GEM Rules**”).

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which is measured at fair values, as appropriate.

Except for the new and revised HKFRSs applied by the Group in the current period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are consistent with those adopted in preparing the Group’s annual financial statements for the year ended 31 March 2015.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

New and revised HKFRSs affecting amounts reported and/or disclosures in the financial statements

In the current period, the Group has applied the following new and revised HKFRSs issued by the HKICPA:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 39 HK(IFRIC) – Int 21	Novation of Derivatives and Continuation of Hedge Accounting Levies

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs HKFRS 9	Annual Improvements to HKFRSs 2012-2014 Cycle ² Financial Instruments ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 11 HKFRS 14	Accounting for Acquisition of Interests in Joint Operations ² Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from contracts with customers ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: bearer plant ²
Amendments to HKAS 27	Equity method in separate financial statements ²

¹ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

The directors of the Company anticipate that the application of the above new or revised HKFRSs have been issued but are not yet effective will have no material impact on the results and the financial position of the Group.

4. TURNOVER

An analysis of the Group's revenue for the period from continuing operations is as follows:

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Management fee income ¹	5,940	11,740
Sales of goods in general trading	271,725	81,719
Provision of factoring services	1,163	–
	278,828	93,459

¹ According to the amended new management agreement, the Careall Capital did not generate any profit for the relevant period. Hence, the Company will receive a fixed management fee income.

5. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided.

The Group's operating and reportable segments under HKFRS 8 are as follows:

- (a) Provision of management services;
- (b) Investment in financial and investment products;
- (c) General trading (including market sourcing of technical and electronic products, and trading of oil and gas related products);
- (d) Provision of factoring services;
- (e) Money lending.

The followings is an analysis of the Group's revenue and results from continuing operations by reportable segment.

Segment Revenue and Results

For the six months ended 30 September 2015

	Provision of management services		Investment in financial and investment products		Money lending		General trading		Provision of factoring services		Total	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
SEGMENT TURNOVER												
External sales	5,940	11,740	-	-	-	-	271,725	81,719	1,163	-	278,828	93,459
SEGMENT RESULTS	15,516	6,686	(49,616)	2,709	-	-	12,363	2,280	1,163	-	(20,574)	11,675
Unallocated corporate income											10,470	1,375
Unallocated corporate expenses											(37,386)	(7,049)
Profit/(loss) before taxation											(47,490)	6,001
Income tax expenses											(3,910)	-
Profit/(loss) for the period											(51,400)	6,001

Segment Assets and Liabilities

At 30 September 2015

	Provision of management services		Investment in financial and investment products		Money lending		General trading		Provision of factoring services		Total	
	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
ASSETS												
Segment assets	25,079	88,522	37,538	105,462	33,148	-	361,145	158,021	22,965	22,965	479,875	374,970
Unallocated segment assets											63,154	38,438
Consolidated assets											543,029	413,408
LIABILITIES												
Unallocated segment liabilities											23,779	6,731
Consolidated liabilities											23,779	6,731

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments, other than bank balances and cash and assets which are not able to be allocated into reportable segments.
- all liabilities are allocated to reportable segments, other than income tax payables and certain other payables which are not able to be allocated into reportable segments.

Geographical segments

The Group's revenue from external customer and information about its non-current assets by geographical location of the assets are disclosed below:

	Revenue from external customers Six months ended 30 September		Non-current assets Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
The PRC	278,828	12,919	60,190	96,041
Hong Kong	–	80,540	734	110
USA	–	–	–	16,534
	278,828	93,459	60,924	112,685

Information about major customer

Revenue from customer of the corresponding period contributing over 10% of the total revenue of the Group is as follows:

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Customer A ¹	5,940	11,740
Customer B ²	100,378	80,540

1. Revenue from provision of management service.
2. Revenue from general trading.

6. (LOSS) PROFIT BEFORE TAXATION

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

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Staff costs		
Salaries and allowances	1,668	1,776
Net contributions to retirement benefits schemes	40	34
	1,708	1,810
Operating lease charges in respect of rented premises	2,260	850
Amortisation of intangible assets	3,877	5,055
Depreciation of property, plant and equipment	32	34
Legal and professional fee	1,520	1,851

7. TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current Tax				
The PRC	(2,086)	–	(3,910)	–
Taxation attributable to the Group	(2,086)	–	(3,910)	–

Hong Kong Profits Tax has not been provided as the Group had no estimated assessable profits in Hong Kong for both periods.

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

8. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

		Six months ended 30 September	
		2015	2014
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
(Loss)/profit			
(Loss)/profit for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share		(51,400)	6,001
		'000	'000
Number of shares			
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share		2,160,222	1,110,913

The diluted (loss) earnings per share is same as the basic (loss) earnings per share as there is no potential ordinary shares outstanding in both periods.

9. OTHER LOSSES

		Six months ended 30 September	
		2015	2014
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
	<i>Notes</i>		
Net realised loss on disposal of financial assets at fair value through profit or loss		(18,916)	–
Net (loss) gain arising on revaluation of financial assets at fair value through profit or loss		(30,700)	2,709
Impairment loss on intangible asset	<i>11</i>	(5,699)	–
		(55,315)	2,709

10. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: Nil).

11. INTANGIBLE ASSET

	Exclusive right HK\$'000
COST	
At 1 April 2015	1,026,668
Exchange realignment	–
At 30 September 2015	1,026,668
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 April 2015	956,902
Provided for the period	3,877
Impairment loss recognised in the period	5,699
Exchange realignment	–
At 30 September 2015	966,478
CARRYING VALUES	
At 30 September 2015 (unaudited)	60,190
At 31 March 2015 (audited)	69,766

The intangible asset is amortised on straight-line basis over its estimated useful lives of 11 years.

The Board is of the view that the intangible asset in relation to the exclusive right derived from the Management Agreement will only be impaired as a result of the following events:

- a) significant delay in receiving the management fee under the New Management Agreement;
- b) the portfolio suffer a significant lost or become bankrupted;
- c) the deteriorate of profitability of the portfolio and Careall Capital; and
- d) the change in business risk and change in government policy which will have adverse effects to the business of Careall Capital.

For the six months ended 30 September 2015, the directors of the Company were of the opinion that the impairment loss recognized in the year for the value in use of the intangible asset was mainly due to global economic sentiments and the quality of investment portfolio hold by Careall Capital.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Details of the Group's available-for-sale financial assets are as follows:

	30 September 2015 (Unaudited) HK'000	31 March 2015 (Audited) HK'000
Unlisted investments outside Hong Kong at fair value	–	5,304

The above unlisted investments were the 10% of working interests of two drilling wells located in Calcasieu Parish and Lafourche Parish, State of Louisiana in United States indicated from the participation agreements signed with an independent, privately owned and operated oil and gas exploration company incorporated and based in Columbia, State of Mississippi in the United States. The participation rights disposed on 29 September 2015.

13. TRADE AND OTHER RECEIVABLES

	30 September 2015 (Unaudited) HK'000	31 March 2015 (Audited) HK'000
Trade receivables	181,614	199,743
Prepayments, deposits and other receivables	27,526	12,995
	209,140	212,738

The Group allows an average credit period of 180 days given to the customers.

An aged analysis of trade receivables presented based on invoice date was as follows:

	30 September 2015 (Unaudited) HK'000	31 March 2015 (Audited) HK'000
Current to 90 days	181,614	188,363
90 to 180 days	–	11,380
Over 180 days	–	–
	181,614	199,743

14. SHARE CAPITAL

	<i>Notes</i>	Number of shares '000	Amount HK\$'000
Maximum number of shares can be issued			
At 1 April 2014 ordinary shares	<i>(a)</i>	10,000,000	10,000,000
At 31 March 2015, 1 April 2015 and 30 September 2015		N/A	N/A
Issued and fully paid			
At 1 April 2014 ordinary shares		1,058,841	550,906
Issue of shares upon share placing	<i>(b)</i>	465,880	68,611
Issue of shares pursuant to open offer		635,301	63,530
At 31 March 2015 and 1 April 2015, ordinary shares with no par value		2,160,022	683,047
Share consolidation		(1,080,011)	–
Issue of shares by upon open offer	<i>(c)</i>	1,080,011	162,002
At 30 September 2015, ordinary shares with no par value		2,160,022	845,049

- (a) The Company has no authorised share capital and its shares have no par value from the commencement date of the Hong Kong Companies Ordinance (Cap. 622) (i.e. 3 March 2014).

- (b) The Hong Kong Companies Ordinance (Cap. 622) abolishes authorised share capital, par value, share premium, capital redemption reserve and special capital reserve, in respect of the share capital of Hong Kong companies. As a result, the amounts of share premium, capital redemption reserve and special capital reserve of the Company are transferred to the share capital.
- (c) The Company has issued 1,080,010,750 new shares at HK\$0.15 per share under open offer on 6 August 2015.

15. OPERATING LEASE COMMITMENTS

As lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under operating leases in respect of land and buildings which fall due as follows:

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Within one year	1,948	2,863
In the second to fifth year inclusive	–	1,345
	1,948	4,208

Operating lease payments in respect of land and buildings represent rentals payable by the Group for its office premises. Leases are fixed for an average of two years.

16. RELATED PARTY DISCLOSURES

During the period, the Group had no transactions with a related party.

Compensation of key management personnel

The emoluments of directors of the Company and the key management were as follows:

	Six months ended 30 September	
	2015 (Unaudited) HK'000	2014 (Unaudited) HK'000
Salaries and allowance	1,384	1,472
Retirement benefits scheme contributions	18	17
	1,402	1,489

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 30 September 2015, 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 Rules 5.46 to 5.67 of the GEM Listing Rules.

Long positions in ordinary shares 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 Rules 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 Rules 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 Rules 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 Rules 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 Rules 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 Rules 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 Rules 5.46 to 5.67 of the GEM Listing Rules. At 30 September 2015, 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 Rules 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

At 30 September 2015, the following persons (other than the interests disclosed above in respect of certain Directors or Chief Executives of the Company) had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in the shares 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)
Keen Insight Limited (Note 1)	Beneficial owner	210,000,000	9.72%
Hony Capital Group L.P. (Note 1)	Interest in controlled corporation	210,000,000	9.72%
Hony Capital Management Limited (Note 1)	Interest in controlled corporation	210,000,000	9.72%
Hony Managing Partners Limited (Note 1)	Interest in controlled corporation	210,000,000	9.72%
Zhao John Huan (Note 1)	Interest in controlled corporation	210,000,000	9.72%
Zhao Guangyu	Beneficial owner	210,000,000	9.72%
Siu Chi Chiu	Beneficial owner	180,000,000	8.33%

Notes:

- Keen Insight Limited is a wholly owned subsidiary of Hony Capital Group L.P. Hony Capital Group L.P. is wholly owned subsidiary of Hony Capital Management Limited. John Huan Zhao has 100% interest in Hony Managing Partners Limited, which has 80% interest in Hony Capital Management Limited.
- The percentage is based on 2,160,021,500 issued Shares as at 30 September 2015

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 30 September 2015 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 fall 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 (resigned on 17 August 2015), Mr. Ko Ming Tung Edward (appointed on 17 August 2015), Mr. Qian Fengjun (resigned on 24 August 2015) and Mr. Chen Liang (appointed on 24 August 2015). 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 interim results for the six months ended 30 September 2015 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.

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 30 September 2015 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 CORPORATE GOVERNANCE CODE

During the period under review, the Company has applied the principles and complied with all the code provisions of the Corporate Governance Code (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 of association of the Company. 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.

Attendance of Directors

Code Provision E.1.2 requires that the chairman of the board should attend the annual general meeting. Mr. Zha Jian Ping, the Chairman of the Company then, Mr. Qian Feng Jun, the chairman of the nomination committee then, and Mr. Lam Tze Chung, the chairman of the audit committee, did not attend the annual general meeting of the Company which was held on 14 August 2015 ("AGM") as they had other business engagement. The executive directors and the financial controller of the Company, the chairman of the remuneration committee, the member of the audit committee, and the member of the nomination committee of the Company, and the external Auditors of the Company attended the AGM. The Company considers that their presence is sufficient for answering questions of the shareholders at the AGM.

Chairman and Chief Executive

Under code provision A.2.1, the roles of chairman and chief executive officer should be separated. Mr. Cai serves as the Chairman of the Board and the chief executive officer of the Company. The reason for not splitting the roles of chairman and chief executive officer are as follows:

- The size of the Group is still relatively small and thus not justified in separating the roles of chairman and chief executive officer; and
- The Group has in place an internal control system to perform the check and balance function.

Mr. Cai is primarily responsible for leadership of the Group and the Board, setting strategic direction, ensuring the effectiveness of management in execution of the strategy approved by the Board. Execution responsibilities lie with another executive Director and senior management of the Company.

Thus, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company.

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
Cai Da
Chairman

Hong Kong, 9 November 2015

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

Executive Directors

Mr. Cai Da

Ms. Wu Hong Ying

Ms. Yik Fong Fong

Independent non-executive Directors

Mr. Lam Tze Chung

Mr. Ko Ming Tung Edward

Mr. Chen Liang