Chinese Energy Holdings Limited
華夏能源控股有限公司

(Incorporated in Hong Kong with limited liability)
(Stock code: 8009)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, 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 the 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 announcement 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 announcement misleading.*

ANNUAL RESULTS

The board of directors (the "**Board**") of Chinese Energy Holdings Limited (the "**Company**") is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2013 together with the comparative figures for the corresponding period in 2012.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Continuing operations			
Turnover	*3*	**162,011**	118,292
Cost of sale		**(32,713)**	(43,806)
Gross profit		**129,298**	74,486
Other income	*5*	**100**	1,614
Other gains and losses	*6*	**(232,271)**	(149,429)
Administrative expenses		**(11,197)**	(23,179)
Finance costs	*7*	**(161)**	(7,073)
Loss before taxation		**(114,231)**	(103,581)
Income tax expense	*8*	**(42,910)**	(13,954)
Loss for the year from continuing operations	*9*	**(157,141)**	(117,535)
Discontinued operations			
Profit (loss) for the year from discontinued operations	*10*	**13,701**	(8,002)
Loss for the year		**(143,440)**	(125,537)
Other comprehensive income for the year, net of income tax			
Exchange difference arising on translation		**8,345**	18,394
Reclassification adjustments relating to foreign operations disposed of during the year		**117**	–
		8,462	18,394
Total comprehensive expense for the year		**(134,978)**	(107,143)

	Note	**2013**	2012
		HK$'000	*HK$'000*
Loss attributable to:			
Owners of the Company		**(143,440)**	(125,487)
Non-controlling interests		**–**	(50)
		(143,440)	(125,537)
Total comprehensive expense attributable to:			
Owners of the Company		**(134,978)**	(107,093)
Non-controlling interests		**–**	(50)
		(134,978)	(107,143)
Loss per share (HK cents)	*12*		
From continuing and discontinued operations			
Basic		**(16.55)**	(18.65)
Diluted		**(16.55)**	(18.65)
From continuing operations			
Basic		**(18.13)**	(17.47)
Diluted		**(18.13)**	(17.47)

Consolidated Statement of Financial Position
At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**406**	988
Intangible asset	13	**144,764**	402,650
		145,170	403,638
Current assets			
Trade and other receivables	14	**269,498**	89,434
Loan receivables		**2,888**	3,683
Bank balances and cash		**16,100**	4,018
		288,486	97,135
Assets classified as held for sale		**–**	3,100
		288,486	100,235
Current liabilities			
Other payables		**17,356**	8,135
Income tax payables		**74,343**	31,433
		91,699	39,568
Liabilities directly associated with assets classified as held for sale		**–**	10,439
		91,699	50,007
Net current assets		**196,787**	50,228
Total assets less current liabilities		**341,957**	453,866
Non-current liabilities			
Borrowings		**–**	8,800
Convertible bonds		**–**	6,084
		–	14,884
Total assets less liabilities		**341,957**	438,982
Capital and reserves			
Share capital	15	**105,884**	763,251
Reserves		**236,073**	(324,264)
Equity attributable to owners of the Company		**341,957**	438,987
Non-controlling interests		**–**	(5)
Total equity		**341,957**	438,982

Consolidated Statement of Changes In Equity

For the year ended 31 March 2013

	Equity attributable to owners of the Company											
	Share capital *HK$'000*	Non-redeemable convertible preference shares *HK$'000*	Share premium *HK$'000*	Capital redemption reserve *HK$'000*	Merger reserve *HK$'000*	Special capital reserve *HK$'000*	Translation reserve *HK$'000*	Equity component of convertible bonds *HK$'000*	Accumulated losses *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 April 2011	477,403	285,848	40,095	3,297	45,918	50,587	40,258	63,034	(400,688)	605,752	27	605,779
Exchange differences on translation of foreign operations	–	–	–	–	–	–	18,394	–	–	18,394	–	18,394
Loss for the year	–	–	–	–	–	–	–	–	(125,487)	(125,487)	(50)	(125,537)
Profit (loss) for the year and total comprehensive income (expense) for the year	–	–	–	–	–	–	18,394	–	(125,487)	(107,093)	(50)	(107,143)
Acquisition of additional interests in a subsidiary	–	–	–	–	–	–	–	–	–	–	13	13
Non-controlling interests arising from incorporation of a new subsidiary	–	–	–	–	–	–	–	–	–	–	5	5
Issuance of shares upon conversion of non-redeemable convertible preference shares	285,848	(285,848)	(10,005)	–	–	10,005	–	–	–	–	–	–
Redemption of convertible bonds	–	–	–	–	–	–	–	(59,672)	–	(59,672)	–	(59,672)
At 31 March 2012 and 1 April 2012	763,251	–	30,090	3,297	45,918	60,592	58,652	3,362	(526,175)	438,987	(5)	438,982
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**8,345**	**–**	**–**	**8,345**	**–**	**8,345**
Reclassified adjustments relating to foreign operations disposed of during the year	**–**	**–**	**–**	**–**	**–**	**–**	**117**	**–**	**–**	**117**	**–**	**117**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(143,440)**	**(143,440)**	**–**	**(143,440)**
Profit (loss) for the year and total comprehensive income (expense) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**8,462**	**–**	**(143,440)**	**(134,978)**	**–**	**(134,978)**
Transfer to share premium *(Note)*	**(686,926)**	**–**	**686,926**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Elimination of accumulated losses as at 31 March 2011 against share premium *(Note)*	**–**	**–**	**(347,644)**	**–**	**–**	**–**	**–**	**–**	**347,644**	**–**	**–**	**–**
Acquisition of additional interests in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(10)**	**(10)**	**5**	**(5)**
Issue of shares by placing	**29,559**	**–**	**12,106**	**–**	**–**	**–**	**–**	**–**	**–**	**41,665**	**–**	**41,665**
Transaction costs attributable to issue of shares by placing	**–**	**–**	**(345)**	**–**	**–**	**–**	**–**	**–**	**–**	**(345)**	**–**	**(345)**
Redemption of convertible bonds	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,362)**	**–**	**(3,362)**	**–**	**(3,362)**
At 31 March 2013	**105,884**	**–**	**381,133**	**3,297**	**45,918**	**60,592**	**67,114**	**–**	**(321,981)**	**341,957**	**–**	**341,957**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on the Growth Enterprise Market (the "**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and principal place of business of the Company are Room 2306B-07, 23/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company is an investment holding company and the Group is principally engaged in provision of management service, investment in financial and investment products.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations (the "**new and revised HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Group's financial year beginning on 1 April 2012.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Asset

The application of the new and revised HKFRSs in the current year has no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[2]
Amendments to HKFRS 1	Government Loans[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC) – INT 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER

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

	2013	2012
	HK$'000	*HK$'000*
Management fee income	**171,640**	125,734
Less: PRC business tax and levies	**(9,629)**	(7,442)
	162,011	118,292

4. 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

Segment of the manufacture and trading of ceramic sewage materials was discontinued in the previous year. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 10.

Segment Revenue and Results

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

For the year ended 31 March

	Provision of management services		Investment in financial and investment products		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
SEGMENT REVENUE:						
External sales	**162,011**	118,292	**–**	–	**162,011**	118,292
Investment income	**–**	–	**–**	–	**–**	–
	162,011	118,292	**–**	–	**162,011**	118,292
SEGMENT RESULTS	**(104,577)**	(102,499)	**–**	–	**(104,577)**	(102,499)
Unallocated corporate income					**1,690**	22,099
Unallocated corporate expenses					**(11,183)**	(16,108)
Finance costs					**(161)**	(7,073)
Loss before taxation (continuing operations)					**(114,231)**	(103,581)

Segment assets and liabilities

As at 31 March

	Provision of management services		Investment in financial and investment products		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS						
Segment assets	**395,789**	491,025	**–**	–	**395,789**	491,025
Assets relating to ceramic sewage materials operation (now discontinued)					**–**	3,100
Unallocated segment assets					**37,867**	9,748
Consolidated assets					**433,656**	503,873
LIABILITIES						
Segment liabilities	**16,682**	7,054	**–**	–	**16,682**	7,054
Liabilities relating to ceramic sewage materials operation (now discontinued)					**–**	10,439
Unallocated segment liabilities					**75,017**	47,398
Consolidated liabilities					**91,699**	64,891

Other segment information

For the year ended 31 March

	Provision of management services		Investment in financial and investment products		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
OTHER SEGMENT INFORMATION:						
Amounts included in the measure of segment profit or loss or segment asset:						
Amortisation of intangible asset	**32,713**	43,806	**–**	–	**32,713**	43,806
Impairment loss on intangible asset	**233,465**	175,799	**–**	–	**233,465**	175,799
Impairment loss on trade receivables	**396**	–	**–**	–	**396**	–
Amounts regularly provided to the chief operation decision maker but not included in measurement of segment profit or loss or segment assets:						
Impairment loss on loan receivables	**–**	–	**–**	1,585	**–**	1,585
Interest income	**–**	–	**96**	(1,611)	**96**	(1,611)
Finance costs	**161**	7,073	**–**	–	**161**	7,073
Income tax expense	**42,910**	13,954	**–**	–	**42,910**	13,954

Geographical information

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

	Revenue from external customer		Non-current assets*	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**162,011**	118,292	**144,764**	402,650
Hong Kong	**–**	–	**406**	988
	162,011	118,292	**145,170**	403,638

* Non-current assets excluding those relating to ceramic sewage materials operation.

5. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
Interest income	**96**	1,611
Sundries	**4**	3
	100	1,614

6. OTHER GAINS AND LOSSES

		2013	2012
	Note	***HK$'000***	*HK$'000*
Continuing operations			
Gain on redemption of convertible bonds		**1,590**	20,480
Impairment loss on intangible asset	*13*	**(233,465)**	(175,799)
Impairment loss on goodwill		**–**	(13)
Impairment loss on trade receivables		**(396)**	–
Impairment loss on loan receivables		**–**	(1,585)
Loss on disposal of subsidiaries		**–**	(9)
Net exchange gain		**–**	7,497
		(232,271)	(149,429)

7. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
Imputed interest expenses on convertible bonds	**144**	7,073
Interest on borrowings	**17**	–
	161	7,073

8. INCOME TAX EXPENSE (RELATING TO CONTINUING OPERATIONS)

	2013	2012
	HK$'000	*HK$'000*
PRC Enterprise Income Tax ("EIT")		
– Current	**42,910**	31,433
– Over provision in prior years	**–**	(17,479)
	42,910	13,954

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong Profits Tax had been made as the Group did not generate any assessable profits in Hong Kong for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax ("**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

At 31 March 2013, the Group had unused estimated tax losses of approximately HK$108,537,000 (2012: HK$122,057,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

9. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2013	2012
	HK$'000	*HK$'000*
Loss for the year from continuing operations has been arrived at after charging (crediting):		
Staff costs (including directors' emoluments)		
Salaries and allowances	**3,623**	4,485
Retirement benefits scheme contributions	**52**	70
	3,675	4,555
Amortisation of intangible asset (included in cost of sale)	**32,713**	43,806
Auditor's remuneration	**350**	350
Depreciation of property, plant and equipment	**582**	318
Operating lease charges in respect of rented premises	**2,919**	1,857
Net exchange gain	**–**	(7,497)

10. DISCONTINUED OPERATIONS

Disposal of ceramic sewage materials manufacturing and trading operations

On 9 December 2011, the board of directors announced that the Group entered into the sale and purchase agreement to dispose of 100% equity interest of Plenty One Limited and its subsidiary ("**Plenty One**"), which engaged in ceramic sewage materials manufacturing and trading operations, to an independent third party at the consideration of HK$6,500,000. The disposal was completed on 14 August 2012, on which date control of ceramic sewage materials manufacturing and trading operations passed to the acquirer.

(a) **Analysis of profit (loss) for the year from discontinued operations**

The combined results up to the date of disposal from the discontinued operations (i.e. ceramic sewage materials business) included in the consolidated statement of comprehensive income are set out below.

Profit (loss) for the year from discontinued operations

	2013	2012
	HK$'000	*HK$'000*
Turnover	**–**	–
Cost of sales	**–**	–
Administrative expenses	**(4)**	(7,555)
Finance cost	**–**	(447)
	(4)	(8,002)
Gain on disposal of subsidiaries *(see note 10(c))*	**13,705**	–
	13,701	(8,002)
Loss attributable to non-controlling interests	**–**	40
Profit (loss) for the year from discontinued operations (attributable to owners of the Company)	**13,701**	(7,962)
Profit (loss) for the year from discontinued operations included the following:		
Depreciation and amortisation	**–**	257
Impairment loss on property, plant and equipment	**–**	5,654
Impairment loss on trade receivables	**–**	708
Impairment loss on other receivables	**–**	604
Impairment loss on deposits and prepayments	**–**	145

Cash flows from discontinued operations

Net cash inflows from operating activities	**–**	219
Net cash outflows from financing activities	**–**	(273)
Effect of foreign exchange rate changes	**–**	54
Net cash outflows	**–**	–

(b) Analysis of asset and liabilities over which control was lost

	HK$'000
Assets	
Property, plant and equipment	391
Prepaid lease payments	2,701
	3,092
Liabilities	
Trade and other payables	5,737
Income tax payable	391
Borrowings	4,286
	10,414
Net liabilities disposed of	(7,322)

(c) Gain on disposal of subsidiaries

	HK$'000
Consideration received	6,500
Net liabilities disposal of	7,322
Cumulative exchange differences in respect of the net liabilities of subsidiaries reclassified from equity to profit or loss on loss of control of subsidiaries	(117)
	13,705

(d) Net cash inflow on disposal of subsidiaries

	HK$'000
Total cash consideration received	6,500
Less: cash and cash equivalent balances disposed of	–
	6,500

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2013, nor has any dividend been proposed since the end of the reporting period (2012: Nil).

12. LOSS 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:

	2013	2012
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic loss per share (Loss for the year attributable to owners of the Company)	**(143,440)**	(125,487)
Number of shares	***'000***	*'000* (restated)*
Weighted average number of ordinary shares for the purpose of basic loss per share	**866,584**	672,796
Effect of dilutive potential ordinary shares:		
Convertible bonds	**–**	8,000
	866,584	680,796

* being adjusted to reflect the effect of share consolidation in July 2012.

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 year 2013 and the dilutive potential ordinary shares were anti-dilutive in year 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:

	2013	2012
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(143,440)**	(125,487)
Less: (Profit) loss for the year from discontinued operations	**(13,701)**	7,962
Loss for the purpose of basic loss per share from continuing operations	**(157,141)**	(117,525)

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 year 2013 and the dilutive potential ordinary shares were anti-dilutive in year 2012.

From discontinued operations

For the year ended 31 March 2013, the basic earnings per share for the discontinued operations is HK1.58 cents per share and the diluted earnings per share are the same as basic earnings per share because the Company has no potential ordinary shares outstanding.

For the year ended 31 March 2012, the basic loss per share for the discontinued operations is HK1.18 cents (as restated) and the diluted loss per share for the discontinued operations is same as the basic loss per share as the dilutive potential ordinary shares were anti-dilutive.

13. INTANGIBLE ASSET

	Exclusive right	
	2013	2012
	HK$'000	*HK$'000*
COST		
At 1 April	**996,708**	966,992
Exchange realignment	**17,375**	29,716
At 31 March	**1,014,083**	996,708
ACCUMULATED AMORTISATION AND IMPAIRMENT		
At 1 April	**594,058**	360,903
Provided for the year	**32,713**	43,806
Impairment loss recognised in the year	**233,465**	175,799
Exchange realignment	**9,083**	13,550
At 31 March	**869,319**	594,058
CARRYING VALUES		
At 31 March	**144,764**	402,650

The intangible asset represented the exclusive right derived from a management agreement ("**Management Agreement**") to receive management fee equivalent to 70% of the net profits of Shenzhen Careall Capital Investment Co., Ltd. ("**Shenzhen Careall**"), a company established in the PRC and being an independent third party of the Group. The intangible asset is amortised on straight-line basis over its estimated useful lives of 15 years.

The recoverable amount of the exclusive right has been determined on the basis of value-in-use calculation with reference to a valuation performed by an independent qualified valuer not connected to the Group. The value-in-use calculations were based on the cash flow projections of 12 years (2012: 13 years) approved by the management of the Company, a discount rate of 19.02% (2012: 18.98%) and a steady 3% (2012: 3%) growth rate. This rate is based on the relevant track record of Shenzhen Careall and does not exceed the average long-term growth rate for the relevant industry. Cash flow projections during the budget period for the exclusive right is based on the budgeted sales and expected realisable profit during the budget period and the similar quality of new investments during the budget period. Expected cash inflows/outflows, which include those from budgeted sales of listed securities, cost of acquiring new investment portfolio and other direct costs, have been determined based on past performance and management's expectations for the market development.

The directors of the Company are of the opinion that the recoverable amount is less than its respective carrying amount as at 31 March 2013. Accordingly an impairment loss of approximately HK$233,465,000 (2012: HK$175,799,000) was recognised.

14. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables *(see note 14(a))*	**251,422**	88,375
Less: Impairment loss recognised	**(396)**	–
	251,026	88,375
Investment deposits *(see note 14(b))*	**16,250**	–
Other receivables	**8**	24
Prepayments and deposits	**2,214**	1,035
	269,498	89,434

(a) Trade receivable

Management fee receivables are due upon the presentation of invoices and the Group allows 180 days given to its customer.

The following is an aging analysis of the trade receivables presented based on the invoice date net of impairment loss at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
Within 180 days	**–**	–
181 to 365 days	**171,244**	79,782
Over 365 days	**79,782**	8,593
	251,026	88,375

The Group closely monitors the credit status and periodically reviewed the credit limits of the sole customer in accordance with the Group's credit policy.

The amount due from Shenzhen Careall was secured by a continuing personal guarantee of one of the benefical oweners of Shenzhen Careall together with the rights to dispose of the entire interest of Shenzhen Careall in the case of default of repayment.

After the end of the reporting period, the trade receivables of approximately HK$80,998,000 has been settled and the board of directors announced that the Management Agreement between Shenzhen Careall and Supreme Luck has been novated to another wholly owned subsidiary of the Company and that a sales and purchase agreement to dispose of the entire equity interest of Supreme Luck, including the trade receivables of approximately HK$159,422,000 (net of impairment loss of HK$159,026,000) has been entered with an independent third party. Please refer to Note 16 "Events After the Reporting Period" for the details.

(b) Investment deposits

As at 31 March 2013, the investment deposits consist of a refundable deposit of HK$5,000,000 for the proposed acquisition of the entire interest in Careall International Energy Holding Company Limited (the "**Target Company**") and its subsidiaries which engaged in the business of exploring, developing, producing and acquiring natural oil and gas properties in the Republic of Kazakhstan (the "**Proposed Acquisition**"). Further details are set out in the announcement of the Company dated 26 February 2013.

Another refundable deposit of HK$11,250,000 was the earnest money which gives the rights to the Company for investigative studies on the potential projects related to pipeline transportation, storage and sales of natural oil in the African countries. The deposit has been fully refunded after the reporting period.

15. SHARE CAPITAL

	Number of ordinary shares of HK$0.04 each	**Number of ordinary shares of HK$0.004 each**	**Number of ordinary shares of HK$0.1 each**	**Amount**
	'000	*'000*	*'000*	*HK$'000*
Authorised				
At 1 April 2011, 31 March 2012 and 1 April 2012	30,000,000	–	–	1,200,000
Capital reduction	(30,000,000)	30,000,000	–	(1,080,000)
Share consolidation	–	(30,000,000)	1,200,000	–
Increase in authorised capital	–	–	8,800,000	880,000
At 31 March 2013	–	–	10,000,000	1,000,000
Issued and fully paid				
At 1 April 2011	11,935,080	–	–	477,403
Conversion of convertible preference shares	7,146,195	–	–	285,848
At 31 March 2012 and 1 April 2012	19,081,275	–	–	763,251
Capital reduction	(19,081,275)	19,081,275	–	(686,926)
Share consolidation	–	(19,081,275)	763,251	–
Issue of shares by placing for cash	–	–	295,590	29,559
At 31 March 2013	–	–	1,058,841	105,884

16. EVENTS AFTER THE REPORTING PERIOD

Extension of exclusivity period in relation to the Memorandum of Understanding (the "MOU") in respect of the Proposed Acquisition

On 24 May 2013, the board of directors announced that the Company entered into a side letter with Mr. Shi Yanmin being the Chairman and an executive director of the Company and Mr. Zhao Jiangtao (the "Proposed Vendors"). Pursuant to the side letter, the parties mutually agreed to extend the exclusivity period of the MOU in respect of the Proposed Acquisition for an additional period of three months from the date of the side letter, i.e. up to an inclusive of 24 August 2013.

Novation of Management Agreement and disposal of Supreme Luck

On 20 June 2013, the board of directors announced the novation of management agreement by terminating the Management Agreement and entering a new management agreement from Supreme Luck to another wholly-owned subsidiary of the Company and that it had entered into a sales and purchase agreement with an independent third party (the "Purchaser") pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase inter alia, the entire equity interest of Supreme Luck, which includes the trade receivables of HK$159,422,000 (net of impairment loss of HK$159,026,000) and income tax payables and other tax payables of HK$91,026,000 at the consideration of HK$68,000,000. Please refer to the announcement of the Company on 20 June 2013.

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2013, and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 6 to the consolidated financial statements. As at 31 March 2013, Shenzhen Careall Capital Investment Co., Ltd. ("**Shenzhen Careall**") is the Group's sole customer who is principally engaged in venture capital investment and to whom the Group provided management services. The Group's exposures to operational risk and credit risk are primarily attributable to the Group dependency on this sole customer.

As at 31 March 2013, the trade receivables from Shenzhen Careall amounting to HK$251,026,000 have become past due but are considered by the management as no impaired. Approximately HK$80,998,000 of these trade receivables has been subsequently settled. Moreover, subsequent to the year end date, the Company had entered into an agreement to dispose of the balance of these trade receivables amounting to HK$159,422,000 together with the income tax payables to an independent party (the "**Disposal Agreement**"). The recoverability of these trade receivables is considered dependent upon completion of the Disposal Agreement. The management expects the transaction to be completed on or before October 2013. Should the transaction could not be completed, the fair value of the trade receivables of the Group will be adversely affected and an impairment of these trade receivables may therefore be necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Management Contract

The turnover for the Company during the year ended 31 March 2013 came solely from the management fee under the management agreement between Supreme Luck International Limited ("**Supreme Luck**") and Shenzhen Careall Capital Investment Co., Ltd. ("**Shenzhen Careall**") ("**Management Agreement**"). During third relevant period of the Management Agreement, Shenzhen Careall was not able to reach the Guaranteed Profit. Only one of the investments in portfolio has successfully listed during the period due to China tight control on all IPO listings. The management of the Company has made an impairment of approximately HK$233,465,000 on the related intangible asset to reflect the appraisal value after the impairment test performed by independent qualified valuer. The trade receivables from Shenzhen Careall amounting to HK$251,422,000 have become past due but are considered as no impaired. The Company, Shenzhen Careall and its guarantor has came up with a new repayment schedule ("**New Repayment Schedule**"). The New Repayment Schedule promised that HK$92,000,000 will be received on or before September 2013. The remaining balance of HK$159,422,000 was promised to be received on or before 31 March 2014. At May 2013, the Company has received approximately HK$80,998,000 from the guarantor of the Management Agreement. Such amount completely settles the entire outstanding management fee for the second relevant period and partial management fee of HK$1,216,000 for the third relevant period. The management fee chargeable for the third relevant period is to be approximately HK$162,011,000, based on the audited results for the period after deducting the related taxation and expenses which such amount was backed by the guarantee profit of RMB140,000,000. The independent non-executive Directors are satisfied with the current repayment schedule.

Convertible Bonds

On 23 October 2009, the Company issued zero-coupon convertible bonds with an aggregate principal amount of HK$200,000,000 as a partial consideration for the acquisition of an intangible asset through acquisition of a subsidiary. During the year ended 31 March 2013, the Company had redeemed the remaining part of the convertible bonds amounted to HK$8,000,000. As at 31 March 2013, no convertible bonds were outstanding.

MAJOR EVENTS DURING THE YEAR UNDER REVIEW

Capital Reorganisation and Increase in Authorised Capital

The Shareholders had approved the resolutions proposed by the Directors at extraordinary general meeting (the "**EGM**") of the Company held on 12 December 2011 to effect the capital reorganisation of the Company which will involve:

(a) the Capital Reduction pursuant to the Companies Ordinance under which the authorised share capital of the Company will be reduced (1) from HK$1,200,000,000 divided into 30,000,000,000 ordinary Shares of HK$0.04 each to HK$120,000,000 divided into 30,000,000,000 ordinary Reduced Shares of HK$0.004 each and (2) from HK$800,000,000 divided into 20,000,000,000 preference Shares of HK$0.04 each to HK$80,000,000 divided into 20,000,000,000 preference Reduced Shares of HK$0.004 each and that such reduction be effected by cancelling HK$0.036 of the paid up capital on each issued Share of HK$0.04 and reducing the nominal value of each issued or unissued share in the capital of the Company from HK$0.04 per Share to HK$0.004 per Reduced Share;

(b) the Share Consolidation under which every twenty-five (25) Reduced Shares of HK$0.004 each will be combined into one Adjusted Share of HK$0.1 each immediately upon the Capital Reduction becoming effective;

(c) the board lot size for trading in the Shares will be changed from 25,000 Shares to 10,000 Adjusted Shares immediately upon the Capital Reorganisation becoming effective;

(d) Immediately upon the Capital Reduction becoming effective, the authorised share capital of the Company will be increased (1) from HK$120,000,000 divided into 1,200,000,000 ordinary Adjusted Shares to HK$1,000,000,000 divided into 10,000,000,000 ordinary Adjusted Shares by the creation of an additional 8,800,000,000 ordinary Adjusted Shares of par value HK$0.1 each and (2) from HK$80,000,000 divided into 800,000,000 preference Adjusted Shares to HK$500,000,000 divided into 5,000,000,000 preference Adjusted Shares by the creation of an additional 4,200,000,000 preference Adjusted Shares of par value HK$0.1 each; and

(e) corresponding amendments to the Memorandum and Articles of Association.

On 29 May 2012, the Board of Directors announced that the Capital Reduction was approved by the Court on that date and it will take effect upon completion of registration with the Companies Registry on 26 June 2012. The increase in the authorised capital and change in board lot size were effective on 12 July 2012 and 26 July 2012 respectively.

For details and the meanings of the capitalised terms used in this section please refer to the announcement of the Company dated 9 November 2011, the circular of the Company dated 17 November 2011 and the announcement dated 12 December 2011.

Placing of New Shares under General Mandate

The Company has entered into a conditional placing agreement with the Placing Agent on 27 December 2012 (after trading hours), under which the Placing Agent placed 150,000,000 Placing Shares to not fewer than six Placees who are Independent Third Parties. Details and capitalised terms used in this sections were set out in the Announcement dated 27 December 2012.

The Company has also entered into a conditional placing agreement with the Placing Agent on 7 August 2012, under which the Placing Agent placed 145,590,000 Placing Shares to not less than six Placees who are Independent Third Parties. Details and capitalised terms used in this sections were set out in the Announcement dated 7 August 2012.

Disposal of 100% Equity Interest of Plenty One Limited ("Plenty One")

On 9 December 2011, the Vendor, Shine Gain Holdings Limited, a company incorporated in the British Virgin Islands which is a direct wholly owned subsidiary of the Company entered into the Sale and Purchase Agreement with the Purchaser and in relation to the disposal of 100% equity interest of Plenty One at the consideration of HK$6,500,000. The conditions precedent of the Sale and Purchase Agreement having been fulfilled, as agreed between the parties to the Sale and Purchase Agreement in writing, the Completion of the Disposal took place on 14 August 2012. Upon Completion, the Consideration of HK$6,500,000 has been received by the Vendor. Details and capitalized terms used in this sections were set out in the Announcement dated 9 December 2011 and 14 August 2012.

Change of Company Name

The change of the English name of the Company from "iMerchants Limited" to "Chinese Energy Holdings Limited" and the adoption of the new Chinese name "華夏能源控股有限公司" for replacement of its existing Chinese name "菱控有限公司" has become effective on 12 September 2012.

The Shares will be traded on the Stock Exchange under the new name. The English and Chinese stock short names of the Company will also be changed from "IMERCHANTS" to "CHI ENGY HOLD" and "菱控有限公司" to "華夏能源控股" respectively with effect from 25 September 2012. The website of the Company will be changed to www.chinese-energy.com with effect from 25 September 2012 to reflect the Change of the Company Name. Details and capitalised terms used in this sections were set out in the Announcement and Circular dated 18 July, 10 August and 21 September 2012.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group had cash and cash equivalents of approximately HK$16,100,000 as at 31 March 2013 (2012: HK$4,018,000) and maintain a sturdy financial situation with current assets totaling approximately HK$288,486,000 for the year ended 31 March 2013 (2012: HK$100,235,000). The Group had HK$nil of borrowings (2012: HK$8,800,000).

Investment

As at 31 March 2013, the Group did not have any financial investment for both 2013 and 2012. The management will take a cautious and prudent approach in implementing our strategies in the future.

Revenue, Gross Profit and Administrative Expenses

For the year ended 31 March 2013, the Group's turnover was approximately HK$162,011,000 which was comprised of revenue from management fee income as compared to approximately HK$118,292,000 for the year ended 31 March 2012. The gross profit for the group was approximately HK$129,298,000 (2012: HK$74,486,000). The Group generated a net loss attributable to owners of the Company of approximately HK$143,440,000 for the year ended 31 March 2013, compared to a net loss attributable to owners of the Company of approximately HK$125,487,000 for the year ended 31 March 2012. The loss was majorly raised from impairment loss on intangible assets with an amount of approximately HK$233,465,000 (2012: approximately HK$175,799,000). Cost of sale incurred by the Group for the year ended 31 March 2013 amounted to approximately HK$32,713,000 (2012: approximately HK$43,806,000), which represents the amortisation of an intangible asset. Administrative expenses for the year ended 31 March 2013 was approximately HK$11,197,000 (2012: approximately HK$23,179,000). This included rental expenses of approximately HK$2,919,000 (2012: approximately HK$1,857,000).

BUSINESS OUTLOOK

Memorandum of Understanding In Relation To The Proposed Acquisition of The Entire Interest in Careall International Energy Holding Company Limited

On 26 February 2013, the Company and the Proposed Vendors entered into the MOU in relation to the Proposed Acquisition. Pursuant to the MOU, it is proposed that the Proposed Purchaser, will acquire, and the Proposed Vendors, will sell, the entire issued share capital of the Target.

The Target is a company incorporated in the British Virgin Islands with limited liability. The Target and its subsidiaries carry on the business of exploring, developing, producing and acquiring natural oil and gas properties in the Republic of Kazakhstan. The Target has entered into an agreement with an independent third party to acquire a 60% equity of the share capital and associated voting rights of a company ("**Project Company**") which is registered under the laws of the Republic of Kazakhstan (the "**Acquisition of the Project Company**"). The registered office of the Project Company is located in Almaty, the Republic of Kazakhstan. The Project Company holds the necessary rights to exploit the oil field with an exploration permit granted by the Decree of the Ministry of Justice of the Republic of Kazakhstan (the "**Exploration Permit**"). The Exploration Permit covers Block XXXVII-12 (Shalva Zhaloganoi) with size of 137 square kilometres (the "**Block**") and most of the exploration work has been substantially done within the Block including two drilled oil wells of which have not less than 6 million barrels of recoverable reserve of oil (C1+C2) registered with the Oil Ministry of the Republic of Kazakhstan. The total recoverable reserve of oil within the Block is estimated to be not less than 40 million barrels.

The proposed aggregate purchase price for the Proposed Acquisition shall be US$19,800,000 ("**Consideration**"). The Consideration is subject to adjustment which shall be determined with reference to a valuation to be determined and reported by a competent and authorised valuer/evaluation company recognised by the Government of the Republic of Kazakhstan appointed by the Target and approved by the Government of the Republic of Kazakhstan in relation to further recoverable reserve of oil to be assented and registered with the Oil Ministry of the Republic of Kazakhstan (the "**Adjustment**"). The Consideration together with the Adjustment shall in no circumstances exceed the amount of US$96,000,000.

The MOU may or may not lead to the entering into of the Definitive Agreement and the transactions contemplated there under may or may not be consummated.

Further details of the MOU are set out in the announcement of the Company dated 26 February and 24 May 2013.

Disposal of 100% Equity Interest of Supreme Luck

The board of directors announced that on 19 June 2013, the Company has terminated the Management Agreement for Supreme Luck and entering into a new Management Agreement on substantially the same terms and conditions by another wholly-owned subsidiary of the Company. On 20 June 2013, the Company also entered into the sales and purchase agreement with the independent third party (the "**Purchaser**") pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued and paid up share capital of Supreme Luck, which includes the trade receivables of HK$159,000,000 and income tax payables and other tax payables of HK$91,026,000 at the consideration of HK$68,000,000.

Further details of the Disposal are set out in the announcement of the Company dated 20 June 2013.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2013 (2012: nil).

EXPOSURE TO FOREIGN EXCHANGE RISK AND INTEREST RATE RISK

The Group's business transactions are mainly denominated in Hong Kong dollars and Renminbi. Most of interest bearing bank borrowings of the Group are on floating rate basis. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2013, the Group had an aggregate of 11 (2012: 9) employees. The total staff cost for the year ended 31 March 2013 was approximately HK$3,675,000 (2012: HK$4,555,000) The employee's remuneration package includes salary, bonus and share options. Pursuant to the Group's remuneration policy, employees are rewarded on the basis of merit and market conditions and in accordance with the statutory requirements of the respective jurisdiction where the employees located. The Group has not granted any share option to the employees under its existing share option schemes during the year ended 31 March 2013 (2012: Nil).

DIVIDEND

The Directors do not recommend the payment of a final dividend for year ended 31 March 2013 (2012: Nil).

CAPITAL COMMITMENTS

As at 31 March 2013, the Group has no capital commitment (2012: nil).

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2013 (the "**Year**"), except for the deviation from the code provision A.4.1. of the Corporate Governance Code (the "**CG Code**"), the Company complied with all CG Code under Appendix 15 of the Growth Enterprise Market of the Rules Governing the Listing of Securities (the "**GEM Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") covering the period from 1 April 2012 and the former code on Corporate Governance Practices covering the period before 1 April 2012.

APPOINTMENT TERM OF NON-EXECUTIVE DIRECTORS

Under the Code Provision A.4.1.of the CG 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 non-executive Directors and 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 meeting 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 than exacting than those in the CG Code.

The Board of Directors (the "Board") of the Company is committed to maintaining high standards of corporate governance and integrity, and to ensuring transparent and adequate levels of disclosure. The Board will continue to review and recommend such step as appropriate in a timely manner in order to comply with the requirement of the CG Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company, any of its holding companies, fellow subsidiaries or subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

COMPETING INTERESTS

During the year 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.

REVIEW OF FINAL RESULTS

The audit committee of the Company has reviewed and discussed the auditing, internal controls and financial reporting matters including a review of the annual consolidated results of the Group for the year.

SCOPE OF WORK OF HLM CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2013 have been agreed by the Group's auditor, HLM CPA Limited to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLM CPA Limited on the preliminary announcement.

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

During the year 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 securities transactions by officer of the group in securities of the Company. Upon the Group's specific enquiry, each Director confirmed that during the year ended 31 March 2013, he or she had fully complied with the required standard of dealings and there was no event of non-compliance.

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

Hong Kong, 24 June 2013

As at the date of this announcement, the executive Directors are Mr. Shi Yanmin, Mr. Yau Yan Ming Raymond, Mr. Zha Jian Ping and Mr. Ji Peng; the non-executive Directors are Ms. Qi Yue and Mr. Wang Chuntian; and the independent non-executive Directors are Mr. Lam Tze Chung, Mr. Wu Ka Ho Stanley and Mr. Yue Laiqun.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for at least seven (7) days from the date of publication and on the website of the Company at http://www.chinese-energy.com.