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

(Incorporated in Hong Kong with limited liability)

(Stock code: 8009)

CLARIFICATION ANNOUNCEMENT
ON ANNUAL REPORT 2016

Reference is made to the annual report 2016 (the “**Annual Report**”) of Chinese Energy Holdings Limited (the “**Company**”) for the year ended 31 March 2016 as published on 28 June 2016. Unless otherwise defined in this announcement, capitalised terms and expressions used in this announcement shall have the same meanings as those defined in the Annual Report.

The Board of Directors wish to provide further information in relation to the use of proceeds from the issue of Convertible Notes and Open Offer.

On 7 October 2015, the Company completed the issuance of Convertible Note. The net proceeds of approximately HK\$60.4 million raised from the issuance of the Convertible Note was intended to be applied for the general working capital of the Group.

For the net proceeds, it has been fully utilized for general working capital of the Group, such as provision of money lending activity (approximately HK\$37.1 million), administrative and operating purposes (approximately HK\$16.4 million), finance costs (approximately HK\$3.9 million) and income tax payment (approximately HK\$3 million).

On 6 August 2015, the Company completed the Open Offer. The net proceeds of approximately HK\$156.9 million raised from the Open Offer was intended to be applied for future investment in liquefied natural gas (“**LNG**”) business and general working capital of the Group amounted to approximately HK\$126.9 million and approximately HK\$30 million respectively.

For the net proceeds, it has been fully utilized except the amount of approximately HK\$64.9 million earmarked for future investment in LNG has not been utilized. The actual use of the net proceeds has been utilized according to the intended use, of which (1) approximately HK\$30 million for provision of money lending activity; (2) approximately HK\$50 million for refundable investment deposit in LNG acquisition; and (3) approximately HK\$12 million for acquisition of a subsidiary of LNG business.

By order of the Board
Chinese Energy Holdings Limited
Mr. Chen Haining
Chairman and Chief Executive Officer

Hong Kong, 20 December 2016

As at the date hereof, the executive Directors of the Company are Mr. Chen Haining (Chairman and Chief Executive Officer of the Company) and Ms. Wu Hongying; and the independent non-executive Directors of the Company are Mr. Yau Chi Ming, Mr. Ko Ming Tung Edward and Mr. Chen Liang.

This announcement, for which the Directors 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 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.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven (7) days from the date of its posting and on the website of the Company at www.chinese-energy.com.