CHINA ENERGY DEVELOPMENT HOLDINGS LIMITED
中國能源開發控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 228)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007

INTERIM RESULTS

The Board of Directors (the "Board") of China Energy Development Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2007 (the "Interim Period") together with comparative figures as follows. These interim financial statements have not been audited, but have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months period ended 30 June	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
Turnover	*4*	**121,498**	102,101
Other revenue		**4,771**	257
Cost of inventories consumed		**(35,120)**	(28,547)
Staff costs		**(48,736)**	(36,494)
Operating lease rentals		**(14,959)**	(13,014)
Depreciation		**(3,173)**	(2,482)
Fuel costs and utility expenses		**(10,539)**	(10,332)
Other operating expenses		**(20,513)**	(20,293)
Loss from operations	*5*	**(6,771)**	(8,804)
Share of result of an associate		**(1,606)**	—
Share of result of a jointly controlled entity		**(299)**	—
Finance costs		**(55)**	(55)
Loss before taxation		**(8,731)**	(8,859)
Taxation	*6*	**—**	—
Loss for the period attributable to equity holders of the Company		**(8,731)**	(8,859)
Interim dividend	*7*	**—**	—
Loss per share	*8*		
— Basic		**(0.30 cents)**	(0.35 cents)
— Diluted		**N/A**	N/A

* *for identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 June 2007 HK$'000 (Unaudited)	31 December 2006 HK$'000 (Audited)
ASSETS			
Non-current assets			
Interests in an associate		—	8,281
Interests in a jointly controlled entity		**23,232**	—
Property, plant and equipment		**22,521**	25,133
Rental deposits and other deposits		**8,840**	8,616
Goodwill		**284,272**	1,172
		338,865	43,202
Current assets			
Inventories		**5,184**	5,393
Trade receivables	*9*	**883**	2,401
Prepayments, deposits and other receivables		**17,150**	1,816
Refundable deposits		—	70,000
Cash and bank balances		**435,783**	44,742
		459,000	124,352
Total assets		**797,865**	167,554
EQUITY			
Issued share capital		**151,195**	127,695
Reserves		**562,829**	(50,677)
Attributable to equity holders of the Company		**714,024**	77,018
Minority interests		**753**	753
Total equity		**714,777**	77,771

	Notes	**30 June 2007** **HK$'000** **(Unaudited)**	31 December 2006 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Bank loans		**393**	562
Deferred tax liabilities		**130**	130
Provision for long service payments		**900**	900
		1,423	1,592
Current liabilities			
Trade payables	*10*	**13,850**	16,279
Other payables and accruals		**29,023**	33,440
Amount due to a related party		**38,227**	37,581
Bank loans		**565**	891
		81,665	88,191
Total liabilities		**83,088**	89,783
Total equity and total liabilities		**797,865**	167,554
Net current assets		**377,335**	36,161
Total assets less current liabilities		**716,200**	79,363

Notes:

1. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2006 ("2006 Annual Report").

2. Principal Accounting Policies

The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the 2006 Annual Report except for the adoption of the following new/revised Hong Kong Financial Reporting Standards, HKASs and Interpretation (collectively the "new HKFRSs") issued by the HKICPA that are mandatory for accounting periods beginning 1 January 2007.

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosure
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of these new HKFRSs had no material financial effect on the Group's results and financial position for the current or prior accounting periods. Accordingly, no prior adjustment has been recognized.

The Group has not early adopted the following new/revised HKFRSs that have been issued but are not yet effective for the accounting period ending 31 December 2007. The directors of the Company are in the process of making an assessment of the impact of these new/revised HKFRSs to the Group's results of operations and financial position in the period of initial application.

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions[2]
HK(IFRIC)-Int 12	Service Concession Arrangements[3]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 March 2007
3 Effective for annual periods beginning on or after 1 January 2008

3. Segment Information

No separate analysis of segment information is presented as the Group's business, except for the share of results of an associate and a jointly controlled entity, during the respective interim result periods are mainly engaged in the operation of a chain of Chinese restaurants in Hong Kong. The share of results of an associate and a jointly controlled entity represented the Group's liquefied natural gas business of MNG and Sinosky in Macao SAR during the Interim Period.

4. Turnover

The Group's turnover during the respective interim periods mainly represents the receipts from restaurant operations and is derived in Hong Kong.

	Unaudited six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Receipts from restaurant operations	**121,498**	102,101

5. Loss from Operations

Loss from operating activities is arrived at after charging:

	Unaudited six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Cost of inventories consumed	**35,120**	28,547
Depreciation	**3,173**	2,482
Staff costs (including directors' remuneration):		
Wages and salaries and other staff benefits	**39,747**	33,274
Pension scheme contributions	**1,689**	1,444
Share-based compensation benefits	**7,300**	1,776
	48,736	36,494
Minimum lease payments under operating leases on land and buildings:		
Related companies	**1,430**	1,132
Third parties	**13,529**	11,882
	14,959	13,014
Legal and professional fee:		
Share-based compensation benefits to independent consultants	**3,850**	5,700

6. Taxation

No provision for Hong Kong profits tax and Macau complementary income tax has been made as the Group had no assessable profits derived from Hong Kong and Macau during the current period (2006: Nil).

7. Interim dividend

The Board of Directors does not recommend the payment of interim dividend for the six months ended 30 June 2007 (2006: Nil)

8. Loss per share

The calculation of basic loss per share is based on the unaudited condensed consolidated net loss from ordinary activities attributable to shareholders for the six months ended 30 June 2007 of HK$8,731,000 (2006: loss of HK$8,859,000) and the weighted average of 2,878,154,144 (2006: 2,551,200,000) shares in issue during the period.

Diluted loss per share for the periods ended 30 June 2007 and 2006 have not been presented as the effect of any dilution is anti-dilutive.

9. Trade Receivables

Customers are usually offered a credit period ranging from one to three months. An ageing analysis of trade receivables after provision as at 30 June 2007 and 31 December 2006 is as follows:

	Unaudited	Audited
	30 June 2007	31 December 2006
	HK$'000	*HK$'000*
Current to 3 months	**883**	2,401

10. Trade Payables

The ageing analysis of the trade payables of the Group as at 30 June 2007 and 31 December 2006 is as follows:

	Unaudited	Audited
	30 June 2007	31 December 2006
	HK$'000	*HK$'000*
Current to 3 months	**9,964**	12,383
4 to 6 months	**—**	19
Over 6 months	**3,886**	3,877
	13,850	16,279

11. Comparative Figure

Comparative figure for the amount due to a related company has been reclassified from amount due to a shareholder to the condensed consolidated balance sheet in order to conform with the presentation of the company's financial statement for the period ended 30 June 2007.

12. Post Balance Sheet Events

On 14 September 2007, Macau Natural Gas Company Limited (''MNG''), a wholly-owned subsidiary of the Company and China Power Investment Corporation (''CPI'') entered into a framework agreement (the "Framework Agreement") to setup a joint venture company (the "JV Company") in Macau to jointly construct a natural gas power plant in Huangmao Island, Zhuhai. Pursuant to the Framework Agreement, the JV Company will be owned as to 70% by CPI and 30% by MNG, and subject to the mutual agreement of CPI and MNG, additional strategic joint venture partner(s) might be introduced.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Restaurants Business

During the review period and as at 30 June 2007, the Group is still operating five restaurants of which two located at Tsim Sha Tsui and one of each in Mongkok, Hunghom and To Kwa Wan. The retail market conditions in Hong Kong slightly improve amid the gradual recovery of the local economy. However, we maintained the existing operating scale in the past 6 months as we were operating against the odds. Escalating rental for shops, growing staff costs, as well as rising oil and commodities prices were adding cost pressure to us.

Our restaurants are serving the public at large. The effect of recovery was felt largely among people in financial related industries and had not turn around our performance profoundly. Our customers were still quite resistant to price increase especially when the choices of cuisines and Chinese restaurant were mounting.

Natural Gas Business

The natural gas business is carrying out by Macau Natural Gas Company Limited ("MNG"), a wholly owned subsidiary of the Group, and its 50% joint venture, Sinosky Energy (Holdings) Company Limited ("Sinosky").

The commercial operation of the natural gas business of MNG and Sinosky has not yet commenced during the reviewed period. The Group had equity accounted for the post acquisition operating results of Sinosky, and a share of loss of HK$299,000 was included in the condensed consolidated income statement. The operating loss of Sinosky represented operating and administrative expenses incurred.

Operating results

The Group's unaudited consolidated turnover had increased by 19% from the corresponding period of 2006, while the gross profit margin was retained intact. With slightly improved household income and retail market conditions, we were able to adjust our selling prices upwards so as to offload a portion of the cost increment to our customers. However, having enjoyed years of deflation under intense competition in the restaurants industry, customers were quite resistant and sensitive to price increases.

Net loss attributable to shareholders for the current period amounted to HK$8.7 million, which represented a 2.25% decrease as comparing with the net loss of HK$8.9 million in the corresponding period in 2006. The application of HKFRS 2 on share-based payment in respect of the share options granted to eligible participants during the period have been valued at HK$11.2 million and included in staff costs and consultancy fee (2006: HK$7.5 million). If excluding these share options expenses under the HKFRS 2, the net profit attributable to shareholders would have been HK$2.45 million, implying an improvement of HK$3.85 million as compared to the loss before share-based payment of HK$1.4 million for the six-month period ended 2006.

Share of loss from an associated company and a jointly controlled entity, MNG and Sinosky, amounted to HK$1,606,000 and HK$299,000 respectively. The commercial operation of the natural gas business of MNG and Sinosky has not yet commenced during the period. The share of loss represented the Group's share of the associates' and jointly controlled entity's operating and administrative expenses since completion of the acquisitions.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

As at 30 June 2007, the Group had outstanding bank borrowings and finance lease payables denominated in Hong Kong dollars with an aggregate amount of HK$958,000 (31 December 2006: HK$1,453,000). The cash and bank balances of the Group amounted to HK$435,783,000 (31 December 2006: HK$44,742,000).

The short-term borrowings of the Group accounted for 59% (31 December 2006: 61.32%) of the total borrowings at 30 June 2007.

The interest expenses of the Group for the current period were HK$55,000 (30 June 2006: HK$55,000).

As at 30 June 2007, the ratio of total liabilities to total assets of the Group was 10.41% (31 December 2006: 53.58%).

Pledge of assets

As at 30 June 2007 and 31 December 2006, there were no leasehold land and buildings and investment properties of the Group pledged as security for bank loans.

Exchange exposure

Since most of our sales, purchases of raw materials, bank borrowings and cash and bank balances were denominated in Hong Kong dollars during the relevant periods, the Group was only exposed to insignificant exchange risks.

Capital commitments

As at 30 June 2007 and 31 December 2006, neither the Group nor the Company had any capital commitment. Depending on the future development of the LNG business of Sinosky, additional funding, the amount of which cannot be ascertained at present, may be required and it is expected Sinosky may carry out project financing on its own for investment in its LNG business if necessary. The expected capital investments by Sinosky on LNG business to be approximately MOP8,000 million (equivalent to approximately HK$7,760 million) and it is expected that approximately of 80% of the capital investments to be financed by Sinosky's level project financing in form of loan facility while the remaining 20% to be financed by the shareholders of Sinosky.

Contingent liabilities

As at 30 June 2007, except for the corporate guarantee given by the Company in support of banking facilities granted to a subsidiary and the corporate guarantee for operating lease commitment of a wholly-owned subsidiary, the Company has no other significant contingent liabilities.

Employee information

As at 30 June 2007, the Group had a total workforce of 517 (30 June 2006: 484). The salary and wages of our employees are dependent on their duties and performance.

PROSPECTS

Restaurants Business

Although Hong Kong's economy appears to be on the way back to steady growth with improving unemployment rate and rising income level, the Chinese restaurants sector in Hong Kong is competitive due to its low entry barrier, and is still fraught with challenges under the pressure of rental hikes, rising raw material, fuel and labor costs. Many restaurants operators were unable to survive last year. Taking into account (i) possible outbreak of infectious disease like avian flux; (ii) increasing emphasis of the "user and/or polluter pays" principle in the government budget in charging public utility services; and (iii) other factors affecting the economy like adjustments in the financial markets, the management considers that the operating environment of Chinese restaurant business is vulnerable. The Group will take a very cautious but optimistic approach to manage its Chinese restaurant operation.

Natural Gas Business

On 28 June 2007, a commencement ceremony for the 1st phase of Macau Natural Gas onshore important and transmission system has been progressed. The management expected that the Natural Gas Gate Station is planning to supply natural gas to Macau in the 4 quarter of this Year. The Group will incorporate 50%, that is the Group's effective interest, of the operating results of Sinosky in its consolidated financial statements in the forthcoming. On the other hand, Sinosky has submitted the Safety & Hazard Assessment, Environmental Impact Assessment & Study on Marine Life of the LNG receiving terminal in Huangmao Island to National Development and Reform Commission for approval, the management estimated that the LNG receiving terminal will be commenced the construction work within the end of this year. The management is very confident about the future development of the natural gas project of Sinosky.

Natural Gas Power Generation Project

On 14 September 2007, Macau Natural Gas Company Limited (''MNG''), a wholly-owned subsidiary of the Company and China Power Investment Corporation (''CPI'') entered into a framework agreement (the "Framework Agreement") to setup a joint venture company (the "JV Company") in Macau to jointly construct a natural gas power plant in Huangmao Island, Zhuhai. Pursuant to the Framework Agreement, the JV Company will be owned as to 70% by CPI and 30% by MNG, and subject to the mutual agreement of CPI and MNG, additional strategic joint venture partner(s) might be introduced.

Due to part of the power of Macau is imported from the Mainland China, with increasing power consumption, the management is willing to offer support and collaborate at the request of supplying electricity derived from Huangmao Island natural gas power generation project to Macau. On the other hand, power generation by natural gas conforms to the requirement of the State and the price is relatively reasonable. Environmental power generation is a common trend. The management believes that our collaboration with CPI will certainly lay a strong foundation for the Company to develop environmental friendly power.

The future plan of the Group is to concentrate its business development in the field of energy and resources and related business. The Group will continue to focus on identifying acquisition targets that are a strategic fit to the Group. The Group will also continue to promote good corporate governance practices and strive to achieve a high standards and transparency.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

During the relevant periods neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's list securities.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance in fulfilling its responsibilities to shareholders.

The Stock Exchange has promulgated the Code on Corporate Governance Practices (the "Code") which came into effect in January, 2005. Throughout the six months ended 30 June 2007 the Group has complied itself with all the code provision of the Code except that:

- Under A4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. Under the period of review, all independent non-executive directors of the Company 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 accordance with the provisions of the Company's Articles of Association. 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.

- Under A4.2 of the Code, all directors should be subject to retirement by rotation at least once every three years. Pursuant to the Company's Articles of Association, the chairman shall not be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. In order to ensure the smooth running and continuous adhering to the strategic view of the Company, the Company believes that the position of chairman is more practical to be maintained and not to be subject to retirement by rotation.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own Code of conduct regarding securities transactions by the directors of the Company. All Directors have confirmed following specific enquiry by the Company that they have complied with the required standard set out in the Model Code through the period under review.

AUDIT COMMITTEE

The Audit Committee comprises the three independent non-executive directors of the Company. The Audit Committee has adopted terms of reference which are in line with the Code. The Group's unaudited financial statements for the six months ended 30 June 2007 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Remuneration Committee was established for the purpose of making recommendations to the board on the Company's policy and structure for all remuneration of directors and senior management. The written terms of reference which describe the authority and duties of the Remuneration Committee which in line with the Code were prepared and adopted. The Remuneration Committee, comprises three independent non-executive directors, namely Mr. Chang Kin Man, Mr. Ip Wing Lun and Zhong Yuan.

PUBLICATION OF THE INTERIM RESULTS AND REPORT

This interim results announcement is published on the websites of the Company (http://chinaenergy.etnet.com.hk) and Hong Kong Exchanges and Clearing Limited (http://www.hkex.com.hk). The interim report of the Company for 2007 containing all information required by the Listing Rules will be dispatched to shareholders and made available on the above websites in due course.

By order of the Board
China Energy Development Holdings Limited
Tong Seak Kan
Chairman and Executive Director

21 September 2007

As at the date of this announcement, the Board of the Company comprises Mr. Tong Seak Kan, Mr. Chan Shi Yung, Mr. Chui Kwong Kau, Mr. Chan Wai Keung, Mr. Chang Kuo Tien and Mr. Wang Xiang Jun as executive directors; and Mr. Chang Kin Man, Mr. Ip Wing Lun and Mr. Zhong Yuan as independent non-executive directors.