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)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

The Board of Directors (the "Board") of China Energy Development Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2007 together with comparative figures for the year ended 31 December 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
Turnover	4	**247,665**	213,330
Other income and gains	4	**12,950**	671
Loss on disposal of property, plant and equipment		—	(736)
Cost of inventories consumed		**(72,229)**	(60,730)
Staff costs		**(111,689)**	(92,826)
Operating lease rentals		**(30,190)**	(27,403)
Depreciation		**(6,451)**	(5,303)
Fuel costs and utility expenses		**(20,944)**	(19,921)
Written off of other assets		—	(2,808)
Other operating expenses		**(49,791)**	(50,951)
Loss from operations	5	**(30,679)**	(46,677)
Share of results of associates		**(1,606)**	(589)
Finance costs	6	**(156)**	(125)
Loss before taxation		**(32,441)**	(47,391)
Taxation	7	—	—
Loss for the year		**(32,441)**	(47,391)
Attributable to:			
Equity holders of the Company		**(32,441)**	(47,390)
Minority interests		—	(1)
		(32,441)	(47,391)
Dividend	8	—	—
Loss per share	9		
— Basic		**(1.10 cents)**	(1.86 cents)
— Diluted		**N/A**	N/A

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
ASSETS			
Non-current assets			
Interests in associates		—	8,281
Property, plant and equipment		**111,317**	25,133
Rental deposits and other deposits		**9,464**	8,616
Goodwill		**284,272**	1,172
		405,053	43,202
Current assets			
Inventories		**6,700**	5,393
Trade receivables	*10*	**1,106**	2,401
Prepayments, deposits and other receivables		**40,687**	1,816
Other current financial assets		**37,022**	—
Refundable deposits		**20,725**	70,000
Cash and bank balances		**370,513**	44,742
		476,753	124,352
Total assets		**881,806**	167,554
EQUITY			
Share capital		**151,195**	127,695
Reserves		**566,869**	(50,677)
Attributable to equity holders of the Company		**718,064**	77,018
Minority interests		**753**	753
Total equity		**718,817**	77,771
LIABILITIES			
Non-current liabilities			
Bank loans-unsecured		**26,913**	562
Deferred tax liabilities		**130**	130
Provision for long service payments		**900**	900
		27,943	1,592
Current liabilities			
Trade payables	*11*	**14,971**	16,279
Other payables and accruals		**83,700**	33,440
Amount due to a related company		**33,291**	37,581
Bank loans-unsecured		**3,084**	891
		135,046	88,191
Total liabilities		**162,989**	89,783
Total equity and liabilities		**881,806**	167,554
Net current assets		**341,707**	36,161
Total assets less current liabilities		**746,760**	79,363

NOTES

1. Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The consolidated financial statements have been prepared under the historical cost convention, as modified for certain financial instruments which are carried at fair value.

2. Adoption of new or amended HKFRSs

In the current year, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies.

The impact of the adoption of HKFRS 7 "Financial Instruments: Disclosures" and HKAS 1 Amendment "Capital Disclosures" has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

At the date of authorisation of these financial statements, the following HKFRSs were in issue but not yet effective. The Group has not early adopted any of these new and revised HKFRSs that are not yet effective for the current accounting period. The directors of the Company are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material impact on the results and the financial position of the Group in their initial application.

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of financial statements	1 January 2009
HKAS 23 (Revised)	Borrowing costs	1 January 2009
HKAS 27 (Revised)	Consolidated and separate financial statements	1 July 2009
HKFRS 2 (Amendment)	Share-based payment-vesting conditions and cancellation	1 January 2009
HKFRS 3 (Revised)	Business combinations	1 July 2009
HKFRS 8	Operating segments	1 January 2009
HK(IFRIC) — Int 11	HKFRS 2 — Group and treasury share transactions	1 March 2007
HK(IFRIC) — Int 12	Service concession arrangements	1 January 2008
HK(IFRIC) — Int 13	Customer loyalty programmes	1 July 2008
HK(IFRIC) — Int 14	HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008

3. Segment information

(a) Business segments

For management purposes, the Group is currently organised into two operating business segments namely Chinese restaurants and natural gas business. The natural gas business segment is newly introduced during the year. These business segments are the basis on which the Group reports its primary segment information. Principal activities are as follows:

(i) Chinese restaurants — operating a chain of Chinese restaurants
(ii) Natural gas business — sourcing, storage, processing, transmission and sale of natural gas

The following tables provide an analysis of the Group's turnover, results and certain assets, liabilities and expenditure information by business segments:—

Year ended 31 December 2007

	Chinese restaurants *HK$'000*	**Natural gas business** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Revenue	**247,665**	**—**		**247,665**
Segment results	**13,224**	**(8,825)**		**4,399**
Unallocated expenses				**(49,168)**
Interest income				**12,484**
Interest expenses				**(156)**
				(32,441)
Taxation				**—**
Loss for the year				**(32,441)**
Assets				
Segment assets	**59,533**	**106,473**		**166,006**
Unallocated assets				**715,800**
Consolidated total assets				**881,806**
Liabilities				
Segment liabilities	**(73,671)**	**(83,795)**		**(157,466)**
Unallocated liabilities				**(5,523)**
Consolidated total liabilities				**(162,989)**
Other segment information				
Capital expenditure	**1,619**	**90,562**	**454**	**92,635**
Depreciation	**5,975**	**116**	**360**	**6,451**

Year ended 31 December 2006

	Chinese restaurants *HK$'000*	Natural gas business *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Revenue	213,330	—		213,330
Segment results	(31)	—		(31)
Unallocated expenses				(46,646)
Interest expenses				(125)
Share of results of associates		(589)		(589)
				(47,391)
Taxation				—
Loss for the year				(47,391)
Assets				
Segment assets	57,524			57,524
Unallocated assets				101,749
Interests in associates		8,281		8,281
Consolidated total assets				167,554
Liabilities				
Segment liabilities	(85,050)			(85,050)
Unallocated liabilities				(4,733)
Consolidated total liabilities				(89,783)
Other segment information				
Capital expenditure	11,023	—	835	11,858
Depreciation	5,114	—	189	5,303

(b) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of business. Carrying amounts of segment assets and additions to property, plant and equipment and construction in progress are based on the geographical location of the assets.

	Segment revenue		Carrying amount of segment assets		Additions to property, plant and equipment, and construction in progress	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**247,665**	213,330	**775,333**	159,273	**2,073**	11,858
Macau	**—**	—	**106,473**	8,281	**90,562**	—
	247,665	213,330	**881,806**	167,554	**92,635**	11,858

4. Turnover

Turnover mainly represents the receipts from restaurant operations. All significant intra-group transactions have been eliminated in the preparation of the consolidated financial statements. An analysis of the Group's turnover and other income and gains is as follows:

	2007	2006
	HK$'000	*HK$'000*
Receipts from restaurant operations	**247,665**	213,330
Other income and gains		
Bank interest income	**12,484**	—
Rental income, gross	**305**	268
Sundry income	**139**	403
Fair value gain of trading securities	**22**	—
	12,950	671
Total revenue and gains	**260,615**	214,001

5. Loss from operations

The Group's loss from operations is stated after crediting and charging the following:

	2007	2006
	HK$'000	*HK$'000*
Crediting		
Fair value gain of trading securities	**22**	—
Rental income, gross	**305**	268
Charging		
Auditor's remuneration	**726**	450
Loss on disposal of property, plant and equipment	**—**	736
Cost of inventories consumed	**72,229**	60,730
Depreciation	**6,451**	5,303
Exchange loss, net	**23**	—
Staff costs (including directors' remuneration):		
Wages and salaries and other staff benefits	**83,899**	71,360
Share-based payments to directors and employees	**24,362**	18,646
Pension scheme contributions	**3,428**	2,820
Operating leases payments on leased premises:		
Related companies	**2,786**	2,496
Third parties	**27,404**	24,907
Share-based payments to consultants	**14,537**	14,537

6. Finance costs

	2007	2006
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**238**	120
Interest on finance leases	**—**	5
	238	125
Less: amount capitalised into construction in progress	**(82)**	—
	156	125

The borrowing costs have been capitalised at the rates of 4.15% to 4.37% per annum (2006: Nil).

7. Taxation

No provision for Hong Kong profits tax and Macau complementary income tax has been made as the Group had tax loss brought forward to setoff the assessable profit for the year (2006: Nil).

The taxation for the year can be reconciled to the loss before taxation of the Group per the consolidated income statement as follows:

	2007	2006
	HK$'000	*HK$'000*
Loss before taxation	**(32,441)**	(47,391)
Effect of tax at Hong Kong profits tax rate of 17.5% (2006: 17.5%)	**(5,677)**	(8,293)
Income that is not taxable	**(3,082)**	(943)
Expenses that are not deductible	**8,207**	7,608
Utilisation of tax losses	**(2,649)**	(1,220)
Unused tax losses not recognised	**3,201**	2,848
Taxation	**—**	—

8. Dividend

No dividend was paid or proposed for the year ended 31 December 2007 (2006: Nil), nor has any dividend been proposed since the balance sheet date (2006: Nil).

9. Loss per share

The calculation of basic loss per share for the year ended 31 December 2007 is based on the loss attributable to equity holders of the Company of approximately HK$32,441,000 (2006: loss of HK$47,390,000) and the weighted average of 2,951,626,027 (2006: 2,551,392,329) ordinary shares in issue during the year.

Diluted loss per share for both years is not presented as the Company's potential ordinary shares outstanding during the years had an anti-dilutive effect on the basic loss per share.

10. Trade receivables

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

	2007	2006
	HK$'000	*HK$'000*
Current to 3 months	**1,106**	2,401

The carrying amount of trade receivables of the Group approximates its fair value.

11. Trade payables

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

	2007	2006
	HK$'000	*HK$'000*
Current to 3 months	**11,085**	12,383
4 to 6 months	**—**	19
Over 6 months	**3,886**	3,877
	14,971	16,279

12. Comparative figures

Certain comparative figures have been re-classified to conform with current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

For the year ended 31 December 2007, the Group's audited consolidated turnover was HK$247.7 million, representing a growth of 16% from the corresponding period of 2006, while the gross profit margin was 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. The loss attributable to shareholders decreased by 31.6% to HK$32.4 million (2006: HK$47.4 million). The application of HKFRS 2 on share-based payment in respect of the share options granted to eligible participants during the year have been valued at HK$38.9 million and included in staff costs and consultancy fee (2006: HK$33.2 million). Excluding these share-based payments under HKFRS 2, the profit attributable to shareholders would have been HK$6.5 million, implying an improvement of HK$20.7 million as compared to the loss before share-based payment of HK$14.2 million in the previous year.

Business Review

Chinese Restaurant Business

During the year ended 31 December 2007, the Chinese restaurant business was the only revenue generating operation of the Group. The Group is operating five Chinese restaurants including:

— Hon Po Restaurant in Tokwawan;

— Hon Po Palace Restaurant in Tsim Sha Tsui;

— Jin Hua Restaurant in Mongkok;

— Jin Po Restaurant in Tsim Sha Tsui; and

— Keng Yat Heen Restaurant in the Harbour Plaza Metropolis Hotel in Hung Hom.

Total receipt from restaurant operation rose by 16% as compared with that of last year. The decrease in unemployment rate and the increase in consumer purchasing power are favorable to the retail market conditions in Hong Kong and to the Group's restaurant business. However 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 and customer's loyalty is not obvious. The restaurant industry in Hong Kong is highly competitive and is closely correlated with the economic performance of Hong Kong. There are numerous Chinese restaurants in Hong Kong offering different cuisine. Our restaurants compete directly with certain other Chinese restaurants and indirectly with operators in other market segments in term of location, pricing, services, food quality and variety, restaurant decoration and financial resources. In addition to the threat of possible economic downturn in Hong Kong resulting from the sub-prime mortgage crisis in United States, the level of competition is getting keener and raging. With rising operating costs, and we were hard to maintain the gross profit margin intact.

Natural Gas Business

The natural gas business is carrying out by Macau Natural Gas Company Limited ("MNG") and Sinosky Energy (Holdings) Company Limited ("Sinosky"), a jointly-controlled joint venture equally owned with Sinopec. After acquiring the remaining 60% equity interest in MNG during the year, the operating result of MNG has been fully consolidated into the Group's financial statements, while the financial statements of Sinosky have been proportionally consolidated according to the applicable HKFRS.

The commercial operation of the natural gas business of MNG and Sinosky has not yet commenced during the year. No revenue has been contributed by the segment. The operating loss of the natural gas business segment only represented those preliminary administrative and operating expenses incurred by MNG and Sinosky during the year.

Prospects

Chinese Restaurant 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 labour costs. Many restaurants operators were unable to survive last year. Taking into account (i) possible outbreak of infectious disease like avian flu; (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. As the restaurant business is capable to maintain self-sufficiency financially, the Group will not inject significant financial resources into the business segment. We will maintain the existing operation scale of our Chinese restaurant business and implement a tighter costs control in the near future.

Natural Gas Business

The phase one construction of Sinosky's inland natural gas receiving and transmission system has been completed. It is expected that the commercial operation of the natural gas business will be commenced in near term. At the beginning, power plants in Macau that are capable to consume natural gas for power generation will be the major customers segment in Macau. When the liquefied natural gas ("LNG") receiving terminal and storage facilities come into operation, the Group will be capable of supplying natural gas to potential customers in Hong Kong and its neighboring areas. Earlier this year, the Macau SAR Government was inviting tender for natural gas distribution network public service concession. This reflects Macau SAR Government's enthusiastism in promoting the application and consumption of natural gas. Under the distribution network concession, the concessionaire will construct a medium- and low-pressure pipelines network in Macau to channel natural gas for commercial, industrial, residential and automobile use. As such, the market of the Group's natural gas business in Macau will expand rapidly.

Environmental protection is one of the major concerns of the People's Republic of China (the "PRC'), Hong Kong and Macau governments. It is generally perceived that coal-fired electricity power plants are a significant source of air pollution and wastage in the Southern China region. According to the 11th Five-Year National Economic and Social Development Plan issued by the State Council of the PRC, certain small-scale coal-fired electricity power plants will be required to be gradually closed down or modified to reduce pollutants emitted to air. Natural gas, which burns more efficient and cleaner than coal, appears to be a very fine substitute and complement to coal. The popularity and demand for natural gas is growing substantially in Southern China.

According to expert's projections, the proportion of natural gas consumption in China's total non-renewable energy consumption will increase to approximately 6.0% (amounting to 110 to 120 billion cubic meters) in 2010 and further increase to approximately 10.0% in 2020, and by then the demand for natural gas will be 210 to 230 billion cubic meters. This represents a growth that is significantly higher than that of coal and petroleum. Meanwhile, the construction of LNG storage and transmission facilities will become the focus of this rapid growth in consumption demand for natural gas. Being the best clean energy in the 21st century, natural gas is rising as a major energy used by urban dwellers as well as industrial and commercial enterprises.

The management is very confident about the future development of the LNG project of MNG. The confidence is built on the fact that the project is one of the very few similar projects in Southern China that have obtained all required concessions, permits and approvals from all relevant official authorities. The strong background of MNG's joint venture partner also adds ample competitive edge to the Group's natural gas business. The Group will allocate sufficient resources to the natural gas business in the near future.

With more effort made in the development of natural gas, the continuous perfection of transmission pipelines facilities as well as strong support from the government policy, the use of natural gas will become more popular and the prospect of the Group's natural gas business will be brighter.

Financial Review

Liquidity, Financial Resources and Capital Structure

As at 31 December 2007, the Group had outstanding bank borrowings denominated in Hong Kong dollars and Macau Pataca with an aggregate amount of HK$29,997,000 (31 December 2006: HK$1,453,000). The cash and bank balances of the Group amounted to HK$370,513,000 (31 December 2006: HK$44,742,000).

The short-term borrowings of the Group accounted for 10.28% (31 December 2006: 61.32%) of the total borrowings at 31 December 2007.

The interest expenses of the Group for the current year were HK$238,000 (31 December 2006: HK$125,000) of which HK$82,000 has been capitalised in the construction in progress.

As at 31 December 2007, the ratio of total liabilities to total assets of the Group was 18.48% (31 December 2006: 53.58%).

Pledge of Assets

As at 31 December 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 the Group's transactions are carried out in Hong Kong dollar and Macau Pataca ("MOP") during the relevant periods, considerating that the exchange rate between HKD and MOP is linked, the Group was only exposed to insignificant exchange risks.

Capital Commitments

As at 31 December 2007, neither the Group nor the Company had any capital commitment. Depending on the future development of the LNG project 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 project if necessary. The expected capital investments by Sinosky on LNG project are expected to be approximately MOP8,000 million (equivalent to approximately HK$7,760 million) and it is expected that approximately 80% of the capital investments is to be financed by Sinosky's level project financing in the form of loan facility while the remaining 20% is to be financed by the shareholders of Sinosky.

Contingent Liabilities

As at 31 December 2007, except for the corporate guarantee for operating lease commitment of a wholly-owned subsidiary, the Company has no other significant contingent liabilities.

Employee Information

As at 31 December 2007, the Group had a total workforce of 528 (2006: 518). The salary and wages of our employees are dependent on their duties and performance.

FUND RAISING ACTIVITY

On 13 March 2007, East Global International Limited ("East Global"), a company incorporated in BVI and is owned by Mr. Tong Seak Kan and Mr. Chang Kuo Tien equally, entered into the Placing Agreement with the Company and ABN AMRO Rothschild (the "Placing Agent") pursuant to which the Placing Agent agreed with East Global to use its best endeavors to place up to 270,000,000 existing shares of the Company at the price of HK$1.65 per share on behalf of East Global ("the Placing"). East Global also entered into the subscription agreement with the Company pursuant to which East Global agreed to subscribe for up to 270,000,000 new shares of the Company, which was equal to the number of shares that were placed by the Placing Agent (the "Subscription").

The Placing was completed on 16 March 2007 and 270,000,000 shares of the Company were successfully placed to third parties independent of the Group. East Global has subscribed for 270,000,000 new shares of the Company pursuant to the subscription agreement. The net proceeds of the Subscription of approximately HK$430,000,000 will be applied as to HK$400,000,000 by the Group to finance the liquefied natural gas investment of the Group as detailed in the Company's circulars to its shareholders dated 27 October 2006 and 31 January 2007 and the balance for general working capital of the Group. Details of the Placing and Subscription have been given in the Company's announcements dated 13 and 16 March 2007.

MATERIAL ACQUISITIONS OF SUBSIDIARIES AND ASSOCIATES

In 2 February 2007, the Group completed the acquisition of the entire issued share capital of Bright Horizon Worldwide Inc., which holds 60% equity interest of MNG. The consideration comprised cash of HK$80,000,000 and 200,000,000 ordinary shares of the Company with an aggregate fair value of HK$212,000,000. Details of the transaction were contained in the Company's circular to its shareholders dated 31 January 2007.

OTHER MAJOR EVENT

On 24 September 2007, Joy Even International Limited, a wholly-owned subsidiary of the Company (the "Purchaser") and Mr. Wang Jian Guo (王建國) (the "Vendor") entered into the agreement (the "Agreement") pursuant to which the Vendor has conditionally agreed to sell and/or procure the sale of, and the Purchaser has conditionally agreed to purchase or procure the purchase of (i) a 51% equity interest in the registered capital of Bu Tuo County Wu Zhou Minerals Limited Liability Company; and (ii) a 51% equity interest in the registered capital of Hui Li County Wan Feng Mining Limited Liability Company at an aggregate consideration of RMB498 million (equivalent to approximately HK$516 million). Details of the Agreement were contained in the Company's announcement dated 5 October 2007.

At the balance sheet date, the acquisition has not been completed, as all of the conditions precedent referred to the Agreement have not been fulfilled or waived. SRK Consulting China Limited, the technical adviser of the Company has conducted a site visit to the Target Mining Sites and a domestic geology team has further conducted the geological examination on the Target Mining Sites after signing the Agreement. As the Group has obtained only preliminary information on the Target Mining Sites from the Vendor in mid March 2008, the geological examination is still underway and it is expected to be completed in early May 2008. Details of the information were contained in the Company's announcement dated 31 March 2008.

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 listed securities.

CORPORATE GOVERNANCE

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

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has promulgated the Code on Corporate Governance Practices (the "Code") which came into effect in January, 2005. During the year, the Company has complied itself with all the code provision of the Code except the following:

Pursuant to A4.1 and A4.2 of the Code, those 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 of the Company are not appointed for a specific term but they are still subject to rotation in line with the articles of association of the Company.

Pursuant to the Articles of Association of the Company, the Chairman of the Company 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 Board 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 during the year.

AUDIT COMMITTEE

In accordance with the requirements of the Listing Rules, the Group established an Audit Committee comprising three independent non-executive directors of the Company. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2007, including principles and practices adopted by the Group, in conjunction with the company's external auditors. The financial information set out in this announcement represents an extract from the audited consolidated financial statements of the Group and has been reviewed by the Company's auditors, Shu Lun Pan Horwath Hong Kong CPA Limited.

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 Mr. Zhong Yuan.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://chinaenergy.etnet.com.hk). The annual report will be dispatched to shareholders and will be available on websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 25 April 2008

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.