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: 00228)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

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 (the "Group") for the six months ended 30 June 2009 (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 STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

		Unaudited six months ended 30 June	
		2009	2008
	Note	***HK$'000***	*HK$'000* (Restated)
CONTINUING OPERATION			
Turnover		**112,332**	121,372
Other income	*4*	**4,521**	2,580
Fair value gain/(loss) of financial assets held for trading		**10,005**	(2,455)
Cost of inventories consumed		**(31,698)**	(34,485)
Staff costs		**(42,624)**	(51,784)
Operating lease rentals		**(16,630)**	(15,349)
Depreciation of property, plant and equipment		**(2,511)**	(3,262)
Fuel costs and utility expenses		**(9,377)**	(10,496)
Other operating expenses		**(15,581)**	(22,875)
Profit/(loss) from operation	*5*	**8,437**	(16,754)
Finance costs		**—**	(13)
Profit/(loss) before taxation		**8,437**	(16,767)
Taxation	*6*	**—**	—
Profit/(loss) for the period from continuing operation		**8,437**	(16,767)
DISCONTINUED OPERATION			
Loss for the period from discontinued operation	*7*	**—**	(5,051)
Profit/(loss) and total comprehensive income/(loss) for the period		**8,437**	(21,818)
Profit/(loss) and total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**8,437**	(21,818)
Minority interests		**—**	—
		8,437	(21,818)
Earnings/(loss) per share	*9*		
From continuing and discontinued operation — Basic (HK cents)		**0.28**	(0.72)
From continuing operation — Basic (HK cents)		**0.28**	(0.55)

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2009

	Note	Unaudited 30 June 2009 HK$'000	Audited 31 December 2008 HK$'000
Non-current assets			
Property, plant and equipment		**3,198**	15,482
Rental deposits and other deposits		**5,393**	10,433
		8,591	25,915
Current assets			
Inventories		**4,194**	6,419
Trade receivables	*10*	**289**	961
Financial assets held for trading		**39,486**	29,481
Other receivables, deposits and prepayments		**322,007**	101,052
Loan receivables		**57,800**	57,000
Tax recoverable		**87**	327
Cash and cash equivalents		**36,246**	269,662
		460,109	464,902
Assets of a disposal group classified as held for sale	*11*	**23,864**	—
		483,973	464,902
Total assets		**492,564**	490,817
Equity			
Share capital		**151,195**	151,195
Reserves		**277,965**	269,528
Attributable to equity holders of the Company		**429,160**	420,723
Minority interests		**753**	753
Total equity		**429,913**	421,476
Non-current liabilities			
Deferred tax liabilities		**53**	130
Provision for long service payments		**166**	812
		219	942
Current liabilities			
Trade payables	*12*	**5,520**	13,674
Other payables and accruals		**20,738**	28,625
Amount due to a related company		**21,400**	26,100
		47,658	68,399
Liabilities directly associated with a disposal group classified as held for sale	*11*	**14,774**	—
		62,432	68,399
Total liabilities		**62,651**	69,341
Total equity and liabilities		**492,564**	490,817
Net current assets		**421,541**	396,503
Total assets less current liabilities		**430,132**	422,418

Notes:

1. Basis of preparation

The unaudited condensed consolidated interim 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 unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2008 ("2008 Annual Report").

2. Principal accounting policies

The accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the 2008 Annual Report except for the Group has applied for the first time, a number of new and 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 2009.

HKAS 1 (Revised 2007) — Presentation of financial statements, has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 — Operating segments, is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segment. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3).

The adoption of these new and revised 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 or revised HKFRSs that have been issued but are not yet effective for the accounting period beginning on 1 January 2009. The directors of the Company are in the process of making an assessment of the impact of these new or revised HKFRSs to the Group's results of operations and financial position in the period of initial application.

HKFRS 1 (Revised)	First-time adoption of HKFRSs	(i)
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions	(ii)
HKFRS 3 (Revised)	Business combinations	(i)
HKAS 27 (Revised)	Consolidated and separate financial statements	(i)
HKAS 39 (Amendment)	Eligible hedged items	(i)
HK(IFRIC) — Int 17	Distributions of non-cash assets to owners	(i)
HK(IFRIC) — Int 18	Transfers of assets from customers	(iii)

Effective date

(i) Annual periods beginning on or after 1 July 2009
(ii) Annual periods ending on or after 1 January 2010
(iii) Transfers of assets from customers received on or after 1 July 2009

3. Segment information

(a) Business segments

For management purposes, the Group is currently organised into operating business segment namely Chinese restaurants. The operation of natural gas business segment was disposed on 12 December 2008 and was re-classified as discontinued operation in the prior period. These business segments are the basis on which the Group reports its primary segment information. Principal activities are as follows:

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

The following table provides an analysis of the Group's revenue, results by business segments:

	Unaudited six months ended 30 June					
	Continuing operation Chinese restaurants		Discontinued operation Natural gas business		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HHK$'000*	***HK$'000***	*HK$'000*
Revenue	**112,332**	121,372	**—**	43,679	**112,332**	165,051
Segment results	**(51)**	3,882	**—**	(4,729)	**(51)**	(847)
Fair value gain/(loss) of financial assets held for trading					**10,005**	(2,455)
Unallocated expenses					**(5,781)**	(20,594)
Interest income					**4,264**	2,528
Interest expenses					**—**	(450)
					8,437	(21,818)
Taxation					**—**	—
Profit/(loss) for the period					**8,437**	(21,818)

(b) Geographical segments

The Group's two divisions operate in two principal geographical areas — Hong Kong and Macau. The following table provides an analysis of the Group's revenue by geographical market.

	Unaudited six months ended 30 June					
	Hong Kong Continuing operation		Macau Discontinued operation		Total	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**112,332**	121,372	**—**	43,679	**112,332**	165,051

4. Other income

An analysis of the Group's other income is as follows:

	Unaudited six months ended 30 June					
	Continuing operation		Discontinued operation		Total	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Bank interest income	**3**	2,413	**—**	115	**3**	2,528
Interest income from other loans	**4,261**	—	**—**	—	**4,261**	—
Rental income, gross	**125**	148	**—**	—	**125**	148
Sundry income	**132**	19	**—**	—	**132**	19
	4,521	2,580	**—**	115	**4,521**	2,695

5. Profit/(loss) from operation

Profit/(loss) from operating is arrived at after crediting and charging:

	Unaudited six months ended 30 June					
	Continuing operation		Discontinued operation		Total	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Fair value (gain)/loss of financial assets held for trading	**(10,005)**	2,455	**—**	—	**(10,005)**	2,455
Cost of inventories consumed	**31,698**	34,485	**—**	38,534	**31,698**	73,019
Depreciation of property, plant and equipment	**2,511**	3,262	**—**	1,793	**2,511**	5,055
Staff costs (including directors' remuneration):						
Wages and salaries and other staff benefits	**40,914**	42,726	**—**	3,991	**40,914**	46,717
Pension scheme contributions	**1,710**	1,758	**—**	—	**1,710**	1,758
Share-based payment expenses to directors and employees	**—**	7,300	**—**	—	**—**	7,300
	42,624	51,784	**—**	3,991	**42,624**	55,775
Operating lease payment on leased premises:						
Related companies	**1,740**	1,680	**—**	—	**1,740**	1,680
Third parties	**14,890**	13,669	**—**	189	**14,890**	13,858
	16,630	15,349	**—**	189	**16,630**	15,538
Share-based payment expenses to consultants	**—**	3,850	**—**	—	**—**	3,850

6. **Taxation**

No provision for Hong Kong profits tax and Macau complementary income tax has been made as the Group had tax losses brought forward to setoff the assessable profits for the period (2008: Nil).

7. **Discontinued operation**

On 28 October 2008, Silverwise Ltd, a wholly-owned subsidiary of the Company, entered into a disposal agreement with Newstar Assets Management Limited to dispose of Achieve Smart Finance Limited and Bright Horizon Worldwide Inc, wholly-owned subsidiaries of the Company, which carried out natural gas business in Macau. The disposal was completed on 12 December 2008.

An analysis of the results of the discontinued operation included in the unaudited condensed consolidated statement of comprehensive income is as follows:

	Unaudited six month ended 30 June 2008 *HK$' 000*
Turnover	43,679
Other income	115
Cost of inventories consumed	(38,534)
Staff costs	(3,991)
Operating lease rentals	(189)
Depreciation of property, plant and equipment	(1,793)
Fuel costs and utility expenses	(128)
Other operating expenses	(3,773)
Loss from operation	(4,614)
Finance costs	(437)
Loss before taxation	(5,051)
Taxation	—
Loss for the period	(5,051)

8. **Dividend**

The Board of Directors does not recommend the payment of interim dividend for the six months ended 30 June 2009 (2008: Nil).

9. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share attributable to the equity holders of the Company is based on the following data.

	Unaudited six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Earnings/(loss) for the period attributable to equity holders of the Company		
— Continuing operation	**8,437**	(16,767)
— Discontinued operation	**—**	(5,051)
	8,437	(21,818)

Number of shares	**2009**	2008
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**3,023,900,000**	3,023,900,000

No diluted earnings/(loss) per share for both periods are presented as the Company has no potential dilutive ordinary shares at 30 June 2009 and 2008.

10. Trade receivables

Customers are usually offered a credit period ranging from one to three months. An ageing analysis of trade receivables as at the balance sheet date is as follows:

	Unaudited	Audited
	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
Current to 3 months	**577**	917
Over 1 year	**44**	44
	621	961
Transfer to assets of a disposal group classified as held for sale	**(332)**	—
	289	961

11. Assets and liabilities of a disposal group classified as held for sale

The assets and liabilities of a disposal group related to the Chinese restaurant business have been presented as held for sale following shareholder approval of the decision to disposal on 30 June 2009. The disposal transactions were completed on 11 July 2009, the disposal group is not a discontinued operation at 30 June 2009. The major classes of assets and liabilities of the disposal group are as follows:

	Unaudited As at 30 June 2009 *HK$'000*
Assets of a disposal group classified as held for sale	
Property, plant and equipment	**9,812**
Rental deposits and other deposits	**5,428**
Inventories	**1,013**
Trade receivables	**332**
Other receivables, deposits and prepayments	**933**
Tax recoverable	**327**
Cash and cash equivalents	**6,019**
	23,864
Liabilities directly associated with a disposal group classified as held for sale	
Trade payables	**4,605**
Other payables and accruals	**8,241**
Amount due to a related company	**1,205**
Deferred tax liabilities	**77**
Provision for long service payments	**646**
	14,774
Amount due to the Company	
Amount due to an immediate holding	**9,016**
Amount due to fellow subsidiaries	**2,443**
	11,459
Net liabilities of a disposal group	**2,369**

12. Trade payables

The ageing analysis of the trade payables of the Group as at the balance sheet date is as follows:

	Unaudited 30 June 2009 *HK$'000*	Audited 31 December 2008 *HK$'000*
Current to 3 months	**6,263**	9,812
Over 6 months	**3,862**	3,862
	10,125	13,674
Transfer to liabilities directly associated with a disposal group classified as held for sale	**(4,605)**	—
	5,520	13,674

13. Comparative figure

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

14. Major acquisition and disposal events

Very substantial acquisition

On 22 January 2009, the Company entered into the agreement with the Totalbuild Limited (the "Vendor"), Mr. Wang Gaoju (as a guarantor for the Vendor) and China Era Energy Power Investment (Hong Kong) Limited ("China Era Energy") (as a guarantor for the Vendor), pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of Zhong Guo Nian Dai Energy Investment (Hong Kong) Limited (the "Target Company"). Sale Share at a consideration of not less than HK$2,000,000,000 and not more than HK$10,000,000,000 (subject to valuation). Under the agreement, the Company paid a refundable deposit of HK$185,000,000 to China Era Energy designated by the Vendor on 23 January 2009.

On 30 July 2009, the Company entered into the supplemental agreement with the Vendor, Mr. Wang Gaoju and China Era Energy, pursuant to which the parties mutually agreed to extend the long stop date from 31 July 2009 at 5:00 p.m. to 31 December 2009 at 5:00 p.m. or such other date as the Vendor and the Company may agree in writing. Under the supplemental agreement, the Company agreed to pay a further refundable deposit of HK$260,000,000 in cash or by delivering a cheque issued in favor of the Vendor or nominee(s) by no later than 30 November 2009.

Details were set out in the announcements dated 4 February 2009, 25 February 2009, 29 June 2009 and 30 July 2009. The acquisition transaction is not completed up to the date of this announcement.

Major disposal transaction

On 22 May 2009, Hon Po International Ltd (the "Vendor"), a wholly-owned subsidiary of the Company entered into the Disposal Agreements with the Speedy Fortune Limited, (the "Purchaser"), whereby the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares and the Sale Loans for an aggregate consideration of HK$9,025,801.16. Details were set out in the announcements dated 26 May 2009 and 30 June 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period, our Chinese restaurant business continues to face a challenging market environment. The turnover of the Group's restaurants, which amounted to approximately HK$112,332,000 in the six months ended 30 June 2009, decreased by 7.45% as compared HK$121,372,000 in the last period ended 30 June 2008. The decrease in revenue caused a segmental loss of HK$51,000 for the current period (2008: profit of HK$3,882,000).

Operating Results

For the six months ended 30 June 2009, the Group recorded a turnover from continuing operation of approximately HK$112,332,000 (2008: HK$121,372,000), representing dropped by 7.45% over the corresponding period of last year. The operation of natural gas business was disposed on 12 December 2008, no turnover was recorded during the period (2008: HK$43,679,000). The profit from operation were mainly attributable to the gain from the fair value of financial assets held for trading of HK$10,005,000 (2008: loss of HK$2,455,000) and the loan interest income of HK$4,261,000 (2008: HK$Nil). Net profit attributable to equity holders of the Company was approximately HK$8,437,000 (2008: loss of HK$21,818,000) and earnings per share from continuing and discontinued operation were 0.28 HK cents (2008: loss of 0.72 HK cents).

Financial Review

Liquidity, Financial Resources and Capital Structure

As at 30 June 2009, the Group had no outstanding bank borrowings (31 December 2008: HK$Nil). The cash and cash equivalents of the Group amounted to HK$42,265,000, which included the cash and cash equivalents in a disposal group classified as held for sales assets of HK$6,019,000 (31 December 2008: HK$269,662,000).

The group had no interest -bearing borrowings during the period ended 30 June 2009 (31 December 2008: HK$Nil).

The interest expenses of the Group for the current period were HK$Nil (30 June 2008: HK$450,000).

As at 30 June 2009, the ratio of total liabilities to total assets of the Group was 12.7% (31 December 2008: 14.1%). The Group's current ratio (current assets to current liabilities) was approximately 7.8 (31 December 2008: 6.8) and the Group's gearing ratio (total interest-bearing borrowings to total assets) was not applicable since the group had no interest-bearing borrowings as at 30 June 2009 and 31 December 2008.

Charge of Assets

None of the assets of the Group were pledged as security for any banking facilities and borrowings as at 30 June 2009 and 31 December 2008.

Exchange Exposure

It is the Group's policy for its operating entities to operate in their corresponding local currencies to minimize currency risks. The Group's principal businesses are conducted and recorded in Hong Kong dollars and Macau Pataca. As the impact from foreign exchange exposure is minimal, no hedging against foreign currency exposure is necessary.

Capital Commitments

The Group had no material capital commitments as at 30 June 2009, except for the further refundable deposit of HK$260,000,000 paid by no later than 30 November 2009 under the supplemental agreement relating to the very substantial acquisition involving the acquisition of the entire issued share capital of the Target Company.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2009 and 31 December 2008.

Employee Information

As at 30 June 2009, the Group had a total workforce of 485 (30 June 2008: 570). The Group remunerates its employees based on their work performance, working experiences, professional qualifications and the prevailing market practice.

Prospects

In light of the financial turmoil in global markets in the period, the Group was confronted by a challenging business environment. The management considers that the operating environment of Chinese restaurant business is vulnerable. The Group will take a very cautious approach to manage its Chinese restaurant operation. We will implement a tighter costs control in the near future.

Natural Resource Industries

The Group diversified its business into natural resources and have been seeking investment opportunities from time to time to broader the Group's sources of income.

On 22 January 2009, the Company entered into the Sale and Purchase agreement to acquire from independent third party 100% equity interest in the Target Company which is principally engaged in investment holding and it's subsidiary, China Era Energy, has entered into the Petroleum Contract with China National Petroleum Corporation (the "CNPC") where subject to the approval of the Petroleum Contract by the Ministry of Commerce in the PRC, China Era Energy and CNPC shall have the right in drilling, exploration, exploitation and production of oil and/or natural gas within the area of site located at North Kashi Block, Tarim Basin, the PRC (the "Site").

The Petroleum Contract was entered into between China Era Energy and CNPC on 22 December 2008 whereby China Era Energy and CNPC agree to cooperate in exploration, development and production of petroleum that may exist within the area of the Site. The term of the Petroleum Contract is for a term of 30 years. The Vendor notified the Board that the Petroleum Contract has been approved by the Ministry of Commerce of the PRC. Under the Petroleum Contract, China Era Energy shall apply its appropriate and advanced technology and management expertise and assign its competent experts to perform exploration, development and production of natural gas and/or oil within the area of the Site.

In view of the prospect relating to natural resources, the Group believes that the Acquisition will be a successful strategy for the Company's business and the Acquisition is an attractive investment opportunity for the Group. The Board is of the view that, upon the Completion, the income stream of the Company will be broadened.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities, during the six months ended 30 June 2009.

CORPORATE GOVERNANCE PRACTICES

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 "CG Code"). Throughout the six months ended 30 June 2009 the Group has complied itself with all the code provision of the Code except for the following:

Pursuant to A2.1 of the Code, which states that the role of the Chairman and Chief Executive Officer ("CEO") should be separated and should not be performed by the same individual. Mr. Chan Wai Keung is currently appointed as the Chairman and CEO of the Company.

Pursuant to A4.1 of the CG 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 in accordance with the Company's Articles of Association.

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 three independent non-executive directors of the Company. The Audit Committee has adopted terms of reference which are in line with the CG Code. The Group's unaudited financial statements for the six months ended 30 June 2009 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

PUBLICATION OF THE INTERIM RESULTS AND REPORT

This interim 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 interim report of the Company for 2009 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
Chan Wai Keung
Chairman

Hong Kong, 18 September 2009

As at the date of this announcement, the Board of the Company comprises Mr. Chan Wai Keung, Mr. Chan Shi Yung, Mr. Chui Kwong Kau and Mr. Wang Xiang Jun as executive directors; and Mr. Chang Kin Man, Mr. Ip Wing Lun and Ms. Li Yuen Yu, Alice as independent non-executive directors.