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)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2009

The Board of Directors (the "Board") of China Energy Development Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2009 together with comparative figures for 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

	Notes	**2009** *HK$'000*	2008 *HK$'000*
CONTINUING OPERATION			
Turnover	4	**161,840**	242,059
Other income	4	**9,232**	6,154
Cost of inventories consumed	5	**(50,522)**	(69,544)
Staff costs	5	**(60,546)**	(136,282)
Operating lease rentals	5	**(24,721)**	(32,316)
Depreciation of property, plant and equipment	5	**(2,961)**	(6,384)
Fuel costs and utility expenses		**(12,973)**	(20,585)
Fair value loss of financial assets held for trading		**(144)**	(9,060)
Provision for impairment of refundable deposits		**(10,363)**	(5,181)
Gains on disposal of subsidiaries		**2,384**	—
Other operating expenses		**(23,176)**	(56,654)
Finance costs	6	**—**	(12)
Loss before taxation		**(11,950)**	(87,805)
Taxation	7	**—**	—
Loss for the year from continuing operation		**(11,950)**	(87,805)
DISCONTINUED OPERATION			
Loss for the year from discontinued operation		**—**	(269,024)
Loss for the year and total comprehensive income for the year		**(11,950)**	(356,829)

* *For identification purpose only*

	Notes	**2009**	2008
		HK$'000	*HK$'000*
Loss attributable to:			
Owners of the Company		**(11,950)**	(356,829)
Minority interests		**—**	—
		(11,950)	(356,829)
Total comprehensive income attributable to:			
Owners of the Company		**(11,950)**	(356,829)
Minority interests		**—**	—
		(11,950)	(356,829)
Loss per share			
From continuing and discontinued operations			
— Basic and diluted *(HK cents)*	*9*	**(0.37)**	(11.80)
From continuing operation			
— Basic and diluted *(HK cents)*	*9*	**(0.37)**	(2.90)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**2,618**	15,482
Rental deposits and other deposits		**5,393**	10,433
Deposits for acquisition		**445,000**	—
		453,011	25,915
Current assets			
Inventories		**4,707**	6,419
Trade receivables	*10*	**369**	961
Financial assets held for trading		**49,405**	29,481
Other receivables, deposits and prepayments		**112,973**	101,052
Loan receivables		**57,100**	57,000
Amounts due from related companies		**2,709**	—
Tax recoverable		**429**	327
Cash and cash at banks		**11,476**	269,662
		239,168	464,902
Total assets		**692,179**	490,817
Equity			
Share capital		**181,434**	151,195
Reserves		**457,306**	269,528
Attributable to owners of the Company		**638,740**	420,723
Minority interests		**753**	753
Total equity		**639,493**	421,476
Non-current liabilities			
Deferred tax liabilities		**53**	130
Provision for long service payments		**184**	812
		237	942
Current liabilities			
Trade payables	*11*	**7,696**	13,674
Other payables and accruals		**27,055**	28,625
Amount due to a related company		**17,698**	26,100
		52,449	68,399
Total liabilities		**52,686**	69,341
Total equity and liabilities		**692,179**	490,817
Net current assets		**186,719**	396,503
Total assets less current liabilities		**639,730**	422,418

Notes

1 Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), 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 revaluation of trading securities which are carried at fair value.

2 Adoption of new or revised HKFRSs

In the current year, the Group has adopted all of the new and revised HKFRSs, which collective term includes all applicable individual HKFRSs, 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 has had no significant effect on these financial statements.

The following new or revised HKFRSs, potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted by the Group:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions [3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [1]
HKFRS 3 (Revised)	Business Combinations [1]
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners [1]
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments [4]
HKAS 24 (Revised)	Related Party Disclosures [5]
HKFRS 9	Financial Instruments [6]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 January 2010
[4] Effective for annual periods beginning on or after 1 July 2010
[5] Effective for annual periods beginning on or after 1 January 2011
[6] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of what the impact of these new or revised Standards or Interpretations is expected to be in the period of their initial application.

3 Segment information

(a) Business segments

The Group has adopted HKFRS 8 "Operating Segment". HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. It replaces the requirements under HKAS 14 to determine primary (business) and secondary (geographical) reporting segments of the Group. In accordance with the Group's internal organisation and reporting structure, the operating segments are based on nature of business.

The Group has one reportable segment in 31 December 2009 (2008: two), and the operation of natural gas business segment was discontinued in last year. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

(i) Chinese restaurants (continuing operation) — operating a chain of Chinese restaurants

(ii) Natural gas business (discontinued operation) — sourcing, storage, processing, transmission and sale of natural gas

The following tables present information regarding revenue, profit or loss, assets and liabilities for each reportable segment:

	Continuing operation Chinese restaurants		Discontinued operation Natural gas business		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**161,840**	242,059	**—**	97,166	**161,840**	339,225
Segment results	**(1,509)**	53	**—**	(267,956)	**(1,509)**	(267,903)
Gains on disposal of restaurants	**2,384**	—	**—**	—	**2,384**	—
Unallocated expenses					**(21,753)**	(93,515)
Interest income					**8,928**	5,940
Interest expenses					**—**	(1,351)
Loss for the year					**(11,950)**	(356,829)
Assets						
Segment assets	**24,571**	49,764	**—**	—	**24,571**	49,764
Unallocated assets					**667,608**	441,053
					692,179	490,817
Liabilities						
Segment liabilities	**(37,620)**	(63,681)	**—**	—	**(37,620)**	(63,681)
Unallocated liabilities					**(15,066)**	(5,660)
					(52,686)	(69,341)
Other segment information						
Capital expenditure	**174**	2,029	**—**	760	**174**	2,789
Unallocated capital expenditure					**—**	12
					174	2,801
Depreciation of property, plant and equipment	**2,836**	6,145	**—**	3,238	**2,836**	9,383
Unallocated depreciation of property, plant and equipment					**125**	239
					2,961	9,622

(b) Geographical information

	Revenue		Carrying amount of segment non-current assets	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operation:				
— Hong Kong	**161,840**	242,059	**453,011**	25,915
Discontinued operation:				
— Macau	**—**	97,166	**—**	—
	161,840	339,225	**453,011**	25,915

For the year of 2009 and 2008, the revenue from the Group's largest customer in the continuing operation amounted to less than 10% of the Group's total revenue.

4 Turnover and other income

Turnover which is also revenue, is analysed below. All significant intra-group transactions have been eliminated in the preparation of the consolidated financial statements.

	Continuing operation		Discontinued operation		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover						
Sales of natural gas	**—**	—	**—**	97,166	**—**	97,166
Sales of food and beverages from Chinese restaurants operation	**161,840**	242,059	**—**	—	**161,840**	242,059
	161,840	242,059	**—**	97,166	**161,840**	339,225
Other income						
Bank interest income	**6**	4,211	**—**	271	**6**	4,482
Interest income from other loans	**8,922**	1,458	**—**	—	**8,922**	1,458
Rental income	**141**	285	**—**	—	**141**	285
Sundry income	**163**	200	**—**	—	**163**	200
	9,232	6,154	**—**	271	**9,232**	6,425

5 Loss before taxation

	Continuing operation		Discontinued operation		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss from operations is arrived at after charging/(crediting):						
Fair value loss of financial assets held for trading	**144**	9,060	**—**	—	**144**	9,060
Auditors' remuneration	**580**	580	**—**	—	**580**	580
(Gain)/loss on disposal of property, plant and equipment	**(70)**	1,047	**—**	—	**(70)**	1,047
Cost of inventories consumed	**50,522**	69,544	**—**	86,016	**50,522**	155,560
Depreciation of property, plant and equipment	**2,961**	6,384	**—**	3,238	**2,961**	9,622
Exchange loss, net	**—**	—	**—**	760	**—**	760
Staff cost (including directors' remuneration)						
— Wages and salaries and other benefits	**58,196**	87,880	**—**	7,806	**58,196**	95,686
— Share-based payments to directors	**—**	44,950	**—**	—	**—**	44,950
— Pension fund contributions	**2,332**	3,540	**—**	—	**2,332**	3,540
— Provision/(reversal) of long service payment provision	**18**	(88)	**—**	—	**18**	(88)
	60,546	136,282	**—**	7,806	**60,546**	144,088
Operating lease payment on lease premises						
— Related companies	**3,680**	3,400	**—**	—	**3,680**	3,400
— Third parties	**21,041**	28,916	**—**	373	**21,041**	29,289
	24,721	32,316	**—**	373	**24,721**	32,689
Share-based payments to consultants	**—**	14,538	**—**	—	**—**	14,538

6 Finance costs

	Continuing operation		Discontinued operation		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank loans wholly repayable within five years	**—**	12	**—**	1,626	**—**	1,638
Less: amount capitalised into construction in progress	**—**	—	**—**	(287)	**—**	(287)
	—	12	**—**	1,339	**—**	1,351

The borrowing costs have been capitalised at the rates of 2.5% to 4% per annum for the year ended 31 December 2008.

7 Taxation

No provision for Hong Kong profits tax has been made as the Group had tax losses brought forward to set off the assessable profit for the year (2008:Nil).

The taxation for the year can be reconciled to the loss before taxation of the Group (continuing operation and discontinued operation) per the consolidated statement of comprehensive income as follows:

Taxation for the year can be reconciled to the accounting loss as follows:

	2009	2008
	HK$'000	*HK$'000*
Loss before taxation		
— Continuing operation	**(11,950)**	(87,805)
— Discontinued operation	**—**	(269,024)
	(11,950)	(356,829)
Effect of tax at Hong Kong profits tax rate of 16.5% (2008: 16.5%)	**(1,972)**	(58,877)
Tax effect of income not taxable for taxation purposes	**(1,107)**	(2,093)
Tax effect of expenses not deductible for taxation purposes	**2,222**	58,132
Tax effect of utilisation of tax losses	**(107)**	(606)
Tax effect of unused tax losses not recognised	**964**	3,444
Taxation for the year for continuing operation and discontinued operation	—	—

8 Dividend

No dividend was paid or proposed for the year ended 31 December 2009 (2008: Nil), nor has any dividend been proposed since the end of reporting period (2008: Nil).

9 Loss per share

The calculation of the basic loss per share from continuing and discontinued operations attributable to the ordinary equity holders of the Company is based on the following data.

	2009	2008
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to equity holders of the Company		
— Continuing operation	**(11,950)**	(87,805)
— Discontinued operation	**—**	(269,024)
	(11,950)	(356,829)
Number of shares	**2009**	2008
Weighted average number of ordinary shares for the purpose of basic loss per share	**3,164,739,178**	3,023,900,000

For 2008, basic loss per share from the discontinued operation is 8.90 HK cents, which is calculated based on the loss for the year from discontinued operation attributable to ordinary equity holders of the Company of approximately HK$269,024,000 and the weighted average number of ordinary shares for the purpose of basic loss per share detailed above.

Diluted loss per share for both years is the same as the basic loss per share as the Company has no dilutive potential ordinary shares outstanding during both periods.

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 2009 and 2008 is as follows:

	2009	2008
	HK$'000	*HK$'000*
Current to 3 months	**325**	917
Over 1 year	**44**	44
	369	961

11 Trade payables

An ageing analysis of trade payables of the Group as at 31 December 2009 and 2008 is as follows:

	2009	2008
	HK$'000	*HK$'000*
Current to 3 months	**4,750**	9,812
Over 1 year	**2,946**	3,862
	7,696	13,674

The carrying amounts of trade payables of the Group approximate their fair values.

12 Events after the reporting period

On 28 January 2010, the Company entered into a placing agreement with a placing agent, Kingston Securities Limited, pursuant to which the placing agent procured, on a best-effort basis, the placing of 725,000,000 new shares at HK$0.45 per placing share. The placing of new shares has been completed on 22 February 2010. The net proceeds from the placing of new shares amounted to approximately HK$317.9 million. Further details are set out in the Company's announcements dated on 28 January 2010 and 22 February 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

For the year ended 31 December 2009, the Group recorded a turnover of approximately HK$161.8 million (2008: HK$339.2 million), decreased by 52.3% or HK$177.4 million. The decrease in turnover was mainly due to the disposal of natural gas business in December 2008.

The turnover of the Chinese restaurant business was approximately HK$161.8 million (2008: HK$242.1 million), dropped by 33.2% compared to the last year. The significant decline in turnover was because the Group disposed three Chinese restaurants in July 2009.

The Group made a loss for the year from continuing operation of approximately HK$12 million (2008: HK$87.8 million), an improvement of 86.3% compared to the last year. It was mainly due to the absence of share-based payments to directors, employees and consultants of approximately HK$59.5 million in the last year. The loss attributable to equity holders of the Company was significant reduced by 96.7% to approximately HK$12 million (2008: HK$356.8 million) and the loss per share was HK$0.37 cents (2008: HK$11.80 cents).

Business Review

2009 was a difficult year for our Chinese restaurant business, it encountered the challenging market environment and threat posed by human swine influnze. The Chinese restaurant business continued to face pressure from persistently high raw material and fuel costs, demand from the customers to reduce price and the intensive competitive restaurant market in Hong Kong. Having considered the loss making position of three Chinese restaurants for the financial year of 2008, the Group disposed these restaurants to avoid further losses. As the result, the turnover of the Group's Chinese restaurants for the year decreased by 33.2% to approximately HK$161.8 million. A segmental loss of approximately HK$1,509,000 (2008: profit of HK$53,000).

Financial Review

Liquidity, Financial Resources and Capital Structure

As at 31 December 2009, the Group had cash and cash equivalents of approximately HK$11,476,000 (2008: HK$269,662,000). The Group had no outstanding bank borrowings as at 31 December 2009 and 2008.

As at 31 December 2009, the Group had no interest expenses for the year (2008: HK$1,638,000 of which HK$287,000 was capitalized in the construction in progress).

As at 31 December 2009, the Group's current ratio (current assets to current liabilities) was approximately 4.6 (2008: 6.8). The ratio of total liabilities to total assets of the Group was 7.6% (2008: 14.1%).

On 8 October 2009, an aggregate of 604,780,000 Placing Shares at a price of HK$0.39 per share had been issued. The net proceeds of approximately HK$229.9 million from the placing intended to be used for financing the Acquisition. Details of information were set out in the Company's announcements dated on 21 September 2009 and 8 October 2009.

Prospects

Chinese Restaurant Business

While the impact of the global financial crisis has confined to affect the world in 2009, signs of recovery emerged in the second half of the year. The Group will take a very cautious approach to manage its Chinese restaurant operation and implement a tighter costs control in the near future.

Natural Resource Industries

The Group diversified its business into natural resources in 2007, in light of the financial turmoil in global market in the year of 2008 and the financial risks associated with the continuation of the liquified natural gas ("the LNG") business, the Company had disposed the LNG business during the year of 2008. However, the Group have been seeking investment opportunities from time to time to broaden 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 of 100% equity interest in China Era Energy Power Investment (Hong Kong) Limited (the "China Era Energy") which is principally engaged in investment holding and has entered into the Petroleum Contract with China National Petroleum Corporation (the "CNPC") where the Petroleum Contract has been approved by the Ministry of Commerce in the People's Republic of China (the "PRC") on 24 April 2009, 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, Xinjiang, 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 commencing from the date when the Petroleum Contract has been approved by the Ministry of Commerce in the PRC. Under the Petroleum Contract, China Era Energy shall provide funds, 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 Board believes that the above acquisition will be a successful strategy for the Company's business and is an attractive investment opportunity for the Group. The Board is of the view that, upon the completion of this acquisition, the income stream of the Company will be broadened.

Charge of Assets

None of the assets of the Group were pledged as security for any banking facilities and borrowing as at 31 December 2009 and 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 had an insignificant exchange risk exposure under review since the principal business was conducted and recorded in Hong Kong dollars during the year.

Capital Commitments

The Group had no material capital commitments as at 31 December 2009 and 2008.

Contingent Liabilities

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

Employee Information

As at 31 December 2009, the Group had a total workforce of 188 (2008: 514). The Group remunerates its employees based on their work performance, working experiences, professional qualifications and the prevailing market practice.

MAJOR ACQUISITION AND DISPOSAL EVENTS

Very substantial acquisition

On 22 January 2009, the Company entered into the Agreement with Totalbuild Investments Holdings Group Limited (previously known as "Totalbuild Limited") ("the Vendor"), Mr. Wang Guoju (as a guarantor for the Vendor) and China Era Energy, pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of Totalbuild Investments Group (Hong Kong) Limited (the "Totalbuild Investments") (previously known as "Zhong Guo Nian Dai Energy Investment (Hong Kong) Limited") (the "Target Company"). Totalbuild Investments holds the entire issued share capital of China Era Energy. Sale Share at a consideration of not less than HK$2 billion and not more than HK$10 billion (subject to valuation). Under the agreement, the Company paid a refundable deposit of HK$185 million 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 Guoju and China Era Energy, pursuant to which the parties mutually agreed to extend the long stop date from 31 July 2009 to 31 December 2009. Under the supplemental agreement, the Company agreed to pay a further refundable deposit of HK$260 million in cash or by delivering a cheque issued in favor of the Vendor or its nominee(s) by no later than 30 November 2009.

On 31 December 2009, the Company entered into the Supplemental Agreement II with the Vendor, Mr. Wang Guoju and China Era Energy, pursuant to which the parties mutually agreed to extend the long stop date from 31 December 2009 to 30 June 2010 or such other date as the Vendor and the Company may agree in writing. Under the Supplemental Agreement II, the Company agreed to pay a further refundable deposit of HK$400 million in cash or by delivering a cheque issued in favour of the Vendor or its nominee(s) on or before 30 April 2010 or such later date as the Vendor and the Company may agree.

As at the date of this announcement, the Company has paid the refundable deposits amounted to HK$110 million and HK$435 million to the Vendor and China Era Energy respectively.

The Company has engaged a technical adviser to prepare the technical report as required under Rule 18.07 of the Listing Rules on 14 October 2009. However, as an additional time is required for the technical adviser to study and analyse the relevant information required for preparing the technical report such as the document, information, data and reports relating to the exploration, development and production of petroleum within the area of the Site. The Company also requires additional time to prepare and finalise the financial information to be included in the circular such as the audited accounts of the Company for the year ended 31 December 2009, an accountants' report on the Target Group, pro-forma financial information on the Enlarged Group and the valuation report. As such, an application has been made to the Stock Exchange of Hong Kong Limited by the Company for a waiver from strict compliance with Rule 14.48 of the Listing Rules by further extending the despatch date of the circular to the Shareholders of the Company no later than 30 April 2010.

Details of information were set out in the Company's announcements dated on 4 February 2009, 25 February 2009, 29 June 2009, 30 July 2009 and 31 December 2009.

Major Disposal of Subsidiaries

On 22 May 2009, Hon Po International Limited (the "Vendor"), a wholly-owned subsidiary of the Company, entered into the Disposal Agreements with Speedy Fortune Limited (the "Purchaser"), whereby the Purchaser acquired the entire issued ordinary shares of Dragongem Development Limited, Jing Hua (Allied) Limited and More Development Limited. These transactions were duly completed in July 2009. Details of information were set out in the circular to the Shareholders of the Company dated on 15 June 2009 and the Company's announcements dated on 26 May 2009 and 30 June 2009.

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 maintain high standards of corporate governance in fulfilling its responsibilities to Shareholders.

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

Pursuant to A4.1 and A4.2 of the CG 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.

Pursuant to A.2.1 of the CG Code which states that the role of the chairman and the chief executive officer (the "CEO") should be separate and should not be performed by the same individual. Since the resignation of Mr. Chan Wai Keung as the chairman of the Board and CEO of the Company on 1 October 2009, the position of chairman is vacated. Mr. Zhao Guoqiang was elected as the CEO on 29 December 2009. The Board is currently identifying the suitable candidate to fill the vacancy and will ensure that the chairman will be appointed as soon as possible.

Pursuant to code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting (the "AGM"). However, the chairman of the Board is vacated. Mr. Zhao Guoqiang as the CEO will attend the AGM and will be available to answer questions at the AGM.

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 standards 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 2009, 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, BDO 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. Wong Tik Tung who act as Chairman, Mr. Yin Guohui and Ms. Zhang Wei.

ANNUAL GENERAL MEETING ("AGM")

The 2009 AGM of the Company will be held on 7 June 2010 and the Notice of AGM will be published and despatched in the manner as required by the Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

By Order of the Board
China Energy Development Holdings Limited
Zhao Guoqiang
Chief Executive Officer and Executive Director

Hong Kong, 26 April 2010

As at the date of this announcement, the Board of the Company comprises Mr. Zhao Guoqiang, Mr. Chan Shi Yung, Mr. Chui Kwong Kau, Mr. Liu Baohe, Mr. Wang Ligang and Ms. Zheng Ke Wen as executive directors; and Mr. Wong Tik Tung, Mr. Yin Guohui and Ms. Zhang Wei as independent non-executive directors.