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 2012

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 2012 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 2012

		Unaudited six months ended 30 June	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**39,575**	36,080
Other income	*4*	**2,890**	5,217
Cost of inventories consumed		**(21,157)**	(18,654)
Staff costs		**(15,525)**	(16,055)
Operating lease rentals		**(4,227)**	(5,318)
Depreciation of property,plant and equipment		**(842)**	(762)
Impairment loss of deposits and other receivables		**—**	(8,375)
Impairment loss of loan receivables		**—**	(37,100)
Fuel costs and utility expenses		**(1,877)**	(1,921)
Fair value loss of financial assets held for trading		**—**	(4,163)
Other operating expenses		**(4,644)**	(7,657)
Finance costs	*16*	**(5,356)**	(5,455)
Loss before income tax	*5*	**(11,163)**	(64,163)
Income tax credits	*6*	**1,052**	2,080
Loss for the period		**(10,111)**	(62,083)

* *for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
For the six months ended 30 June 2012

	Notes	Unaudited six months ended 30 June 2012 HK$'000	2011 HK$'000
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**(5,084)**	(2,611)
Total comprehensive income for the period		**(15,195)**	(64,694)
Loss for the period attributable to:			
Owner of the Company		**(10,111)**	(62,083)
Non-controlling interests		**—**	—
		(10,111)	(62,083)
Total comprehensive income attributable to:			
Owner of the Company		**(15,195)**	(64,694)
Non-controlling interests		**—**	—
		(15,195)	(64,694)
Loss per share	*8*		
— Basic *(HK cents)*		**(0.13)**	(0.96)
— Diluted *(HK cents)*		**(0.13)**	(0.96)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Notes	**Unaudited 30 June 2012 HK$'000**	Audited 31 December 2011 HK$'000
Non-current assets			
Property, plant and equipment	*9*	**3,694**	4,268
Exploration and evaluation assets	*10*	**597,171**	602,105
Intangible assets	*11*	**2,946,388**	2,946,388
Rental deposits and other deposits		**80**	416
Deferred tax assets		**77,907**	77,481
		3,625,240	3,630,658
Current assets			
Inventories		**8,482**	9,754
Trade receivables	*12*	**23**	9
Financial assets held for trading		**5,487**	5,487
Other receivables, deposits and prepayments		**25,913**	14,067
Amounts due from related companies	*13*	**5,807**	4,681
Cash and bank balances		**336,384**	378,011
		382,096	412,009
Assets of a disposal company classified as held for sale	*14*	**5,824**	5,711
		387,920	417,720
Total assets		**4,013,160**	4,048,378

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2012

	Notes	**Unaudited 30 June 2012** *HK$'000*	Audited 31 December 2011 *HK$'000*
Current liabilities			
Trade payables	*15*	**6,451**	8,749
Other payables and accruals		**369,138**	386,193
Amount due to a related company	*13*	**6,954**	6,954
Provision for legal claims		**—**	5,000
		382,543	406,896
Liabilities of a disposal company classified as held for sale	*14*	**3,396**	4,002
		385,939	410,898
Net current assets		**1,981**	6,822
Total assets less current liabilities		**3,627,221**	3,637,480
Non-current liabilities			
Convertible notes	*16*	**104,905**	99,549
Other payable		**50,820**	51,240
Amount due to a shareholder	*13*	**42,409**	42,409
Deferred tax liabilities		**53**	53
Provision for long service payments		**86**	86
		198,273	193,337
Net assets		**3,428,948**	3,444,143
Equity			
Share capital	*17*	**396,056**	396,056
Reserves		**3,032,139**	3,047,334
Attributable to owners of the Company		**3,428,195**	3,443,390
Non-controlling interests		**753**	753
Total equity		**3,428,948**	3,444,143

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

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 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

2. PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2011 with addition for the following amendments and interpretations (the "**HKFRSs**") issued by the HKICPA, which have become effective.

Amendments to HKFRS 7	Disclosures — Transfers to Financial Assets

The adoption of the new and revised HKFRSs had no material impact on the unaudited condensed consolidated financial statements of the Group for the current and prior accounting period.

The Group has not early adopted the new and revised standards, amendments and interpretations that have been issued but are not yet effective.

The Group is in the process of assessing the potential impact of the new HKFRSs but is not yet in a position to determine whether the new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. The new HKFRSs may result in change in the future as to how the results and financial position are prepared and presented.

3. TURNOVER AND SEGMENT INFORMATION

The Group determines its operating segment based on the internal reports that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segment and to assess its performance. In accordance with the Group's internal organization and reporting structure, the operating segments are based on nature of business.

The Group has two reportable segments:

1. The Exploration and Production segment is engaged in the exploration, development, production and sales of natural gas

2. Sales of Food and Beverages Business segment is engaged in the operation of Chinese restaurant and the sales of food and beverages to restaurants

3. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board for the reportable segments for the six months ended 30 June 2012 and 2011 are as follows:

(a) Information about reportable segment revenue, profit or loss and other information

	Exploration and Production *HK$'000*	**Sales of Food and Beverages Business** *HK$'000*	**Total** *HK$'000*
For the six months ended 30 June 2012			
Revenue from external customers	**—**	**39,575**	**39,575**
Reportable segment (loss)/profit before tax expenses	**(3,067)**	**1,366**	**(1,701)**
Segment results included:			
Interest income	**141**	**—**	**141**
Depreciation	**483**	**337**	**820**
Expenditures for reportable segment non-current assets	**—**	**—**	**—**
Reportable segment assets	**3,951,635**	**20,829**	**3,972,464**
Reportable segment liabilities	**(404,982)**	**(25,076)**	**(430,058)**
Net assets/(liabilities)	**3,546,653**	**(4,247)**	**3,542,406**

	Exploration and Production *HK$'000*	Sales of Food and Beverages Business *HK$'000*	Total *HK$'000*
For the six months ended 30 June 2011			
Revenue from external customers	—	36,080	36,080
Reportable segment (loss)/profit before tax expenses	(5,329)	553	(4,776)
Segment results included:			
Interest income	235	—	235
Depreciation	474	264	738
Additions to non-current assets	3,515,584	48	3,515,632
Reportable segment assets	4,119,855	23,441	4,143,296
Reportable segment liabilities	(507,831)	(28,436)	(536,267)
Net assets/(liabilities)	3,612,024	(4,995)	3,607,029

3. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

Loss before income tax	Unaudited six months ended 30 June 2012 HK$'000	Unaudited six months ended 30 June 2011 HK$'000
Reportable segment loss before income tax	**(1,701)**	(4,776)
Interests income	**—**	694
Other income	**11**	12
Impairment loss of deposits and other receivables	**—**	(8,375)
Impairment loss of loan receivables	**—**	(37,100)
Fair value loss of financial assets held for trading	**—**	(4,163)
Finance costs	**(5,356)**	(5,455)
Unallocated head office and corporate expenses	**(4,117)**	(5,000)
Loss before income tax	**(11,163)**	(64,163)

Assets	Unaudited 30 June 2012 HK$'000	Unaudited 30 June 2011 HK$'000
Reportable segment assets	**3,972,464**	4,143,296
Financial assets held for trading	**5,487**	9,246
Loan receivables	**—**	14,841
Other receivables	**11,492**	39,103
Unallocated head office and corporate assets	**23,717**	28,688
Total assets	**4,013,160**	4,235,174

Liabilities	Unaudited 30 June 2012 HK$'000	Unaudited 30 June 2011 HK$'000
Reportable segment liabilities	**430,058**	536,267
Convertible notes	**104,905**	102,770
Unallocated head office and corporate liabilities	**49,249**	115,608
Total liabilities	**584,212**	754,645

4. OTHER INCOME

	Unaudited six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Bank interest income	**141**	235
Exchange gain	**2,731**	4,271
Interest income from other loans	**—**	694
Rental income	**15**	15
Sundry income	**3**	2
	2,890	5,217

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Unaudited six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Cost of inventories consumed	**21,157**	18,654
Depreciation of property, plant and equipment	**842**	762
Staff costs (including directors' remuneration):		
Wages and salaries and other staff benefits	**15,091**	15,636
Pension scheme contributions	**434**	419
	15,525	16,055
Operating lease payment on leased premises:		
Related companies	**2,177**	2,177
Third parties	**2,050**	3,141
	4,227	5,318

6. INCOME TAX CREDITS

No provision for Hong Kong profits tax and the People's Republic of China (the "**PRC**") Enterprise income tax has been made as the Group had no assessable profits for the for the period (2011: Nil).

	Unaudited six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Deferred tax	**1,052**	2,080

7. DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2012 (2011: Nil).

8. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**10,111**	62,083
	Number of shares	Number of shares
Weighted average number of ordinary shares in issue	**7,921,120,000**	6,439,749,614
	HK Cents	*HK Cents*
Basic loss per share	**0.13**	0.96

(b) Diluted

No diluted loss per share for six months period ended 30 June 2012 and 2011 is presented as the potential ordinary shares on convertible notes are anti-dilutive.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group has not purchased any property, plant and equipment (2011: HK$9,637,000).

10. EXPLORATION AND EVALUATION ASSETS

During the six months ended 30 June 2012, the Group has not purchased any exploration and evaluation assets (2011: HK$565,476,000).

11. INTANGIBLE ASSETS

During the six months period ended 30 June 2011, the interest in the petroleum production sharing contract acquired in relation to the acquisition of subsidiaries was recognized as intangible assets at costs of HK$2,946,388,000. No amortization was provided for the six months period ended 30 June 2012 and 2011.

12. TRADE RECEIVABLES

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

	Unaudited	Audited
	30 June	31 December
	2012	2011
	HK$'000	*HK$'000*
Current to 3 months	**23**	9

13. AMOUNTS DUE FROM/TO RELATED COMPANIES AND A SHAREHOLDER

Amounts due from/to related companies are unsecured, interest free and repayable on demand; and the amount due to a shareholder is unsecured, interest free and is repayable after 1 July 2013.

14. ASSETS AND LIABILITIES OF A DISPOSAL COMPANY CLASSIFIED AS HELD FOR SALE

On 28 December 2011 the board resolved to dispose of Ocean Grace Investments Limited ("**OGIL**") to Speedy Fortune Limited, an independent third party. OGIL engaged in the Chinese restaurant business in Hong Kong. The disposal was approved at the extraordinary general meeting dated 20 July 2012 and completed on 31 July 2012.

The following major classes of assets and liabilities relating to the operation have been classified as held for sale in the consolidated statement of financial position.

	HK$'000
Assets classified as held for sale	
Property, plant and equipment	**1,221**
Rental deposit	**759**
Inventories	**347**
Trade and other receivables	**573**
Cash and cash equivalents	**2,924**
	5,824
Liabilities classified as held for sale	
Trade and other payables	**3,396**

15. TRADE PAYABLES

The ageing analysis of the trade payables of the Group is as follows:

	Unaudited 30 June 2012 *HK$'000*	Audited 31 December 2011 *HK$'000*
Current to 3 months	**3,505**	5,803
Over 1 year	**2,946**	2,946
	6,451	8,749

16. CONVERTIBLE NOTES

The movement of the principal amount, liability component and equity component of the convertible notes are as follows:

	Carrying amount		
	Liability component *HK$'000*	**Equity component** *HK$'000*	**Principal amount** *HK$'000*
At 31 December 2011 and 1 January 2012	99,549	2,005,233	1,958,670
Interest expenses	5,356	—	—
At 30 June 2012	104,905	2,005,233	1,958,670

17. SHARE CAPITAL

	Number of shares	**Amount** *HK$'000*
Ordinary shares of HK$0.05 each		
Authorised:		
At 31 December 2011 and 30 June 2012	25,000,000,000	1,250,000
Issued and fully paid:		
At 31 December 2011 and 30 June 2012	7,921,120,000	396,056

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

During the six months period under review, the Group recorded a turnover of the sale of food and beverages business of approximately HK$39,575,000 (2011: HK$36,080,000), an increase of 9.7% as compared to the corresponding period in 2011.

The Group recorded a loss for the six months period attributable to the owners of the Company of approximately HK$10,111,000 compared to a loss of approximately HK$62,083,000 to the corresponding period in 2011. Loss per share attributable to the owners of the Company was 0.13 HK cents (2011: 0.96 HK cents).

Business Review

Exploration and Production Segment

The Group has successfully completed the Acquisition of the Totalbuild Investments Group (Hong Kong) Limited ("**Totalbuild Investments**") and its subsidiaries in 2011 which has entered into petroleum contract with China National Petroleum Corporation ("**CNPC**") for the drilling, exploration, exploitation and production of oil and/or natural gas within the specified site located in North Kashi Block, Tarim Basin, Xinjiang, PRC. The term of the Petroleum Contract is for a term of 30 years commencing 1 June 2009.

Under the Petroleum Contract, the Group 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 site. Under the Petroleum Contract, in the event that any oil field and/or gas field is discovered within the site, the development costs shall be borne by CNPC and the Group in the proportion of 51% and 49%, respectively. The oil/gas produced therefrom shall from the date of commencement of production in such oil/gas field, be allocated by CNPC and the Group in the proportion of 51% and 49%, respectively, after deducting the exploration costs, development costs and the operating costs.

The Petroleum Contract covers an exploration period (maximum of 6 years), a development period and production period in which the Group is the operator. The development period of any oil/gas field will start from the date of the completion of the Overall Development Program ("**ODP**"). ODP is a document that is required to be approved by the relevant government authorities before the development can commence. ODP comprises a formal development engineering plan, backed up by survey results and relevant studies, together with a full economic analysis and time schedule of the development operations. The approval of the ODP was previously expected to be ready by mid-2011 and the Petroleum Contract also stated that production should start by 31 December 2011. However, there was delay in the approval of ODP by the relevant government authorities and the preparation of formal reserve report.

Apart from the delay in ODP, there was a delay in agreement with CNPC on the Gas Sales Agreement ("**GSA**"). The GSA with CNPC covers a number of provisions, such as terms of the GSA, quantity of volume commitments, gas quality, price terms, delivery obligations and delivery point, etc. The major point is that the Group is yet to agree with CNPC on pricing terms. The Group is still trying to negotiate with CNPC with terms which are more favorable to the Group.

During the year 2011 and up to now, the Group has been carrying out exploration activities at the site. Latest data and information about the petroleum resources were obtained as a result of these exploration activities, these updated petroleum resources information are required to be submitted to relevant government authorities. Further studies were being carried out with CNPC and other professional parties on such information. The Group is now working with these professional parties to prepare and revise the reserve report. The preparation of the formal reserve report is a part of the ODP which required government approval before full production could be started. The delay in finalizing the formal reserve report together with the ODP is the major reason for the delay in government approval. The management are expected that the revised reserve report would be ready in the latter part of 2012.

As at 30 June 2012, the exploration and evaluation assets and the intangible assets in relation to the oil and gas exploration amounted to HK$597,171,000 and HK$2,946,388,000, respectively. No impairment provision was made on these assets for the period ended 30 June 2012. The management will closely monitor the progress of the oil and gas production in Xinjiang and will reassess the carrying value of these assets if there is any impairment indication exists.

The results of operations in exploration and production segment and costs incurred for exploration and evaluation assets acquisition and exploration activities are shown below:

(a) Results of operations in exploration and production segment

	Unaudited six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Net sales to customers	**—**	—
Other income	**2,862**	4,496
Operating expenses	**(5,446)**	(9,351)
Depreciation	**(483)**	(474)
Result of operations before income tax expenses	**(3,067)**	(5,329)

(b) Costs incurred for exploration and evaluation assets acquisition and exploration activities

	Unaudited six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Acquisition costs	**—**	565,476
Exploration cost incurred during the year	**2,544**	4,686
	2,544	570,162

Sales of Food and Beverages Business

The Chinese restaurant in Hong Kong has been facing the high rental costs and high inflation, together with the persistent increase in raw materials costs and labour costs pose challenges to the Group.

On 28 December 2011, the Group entered into the Agreement with Speedy Fortune Limited ("**Purchaser**") to dispose of Ocean Grace Investment Limited ("**OGIT**") which is principally engaged in operating a Chinese restaurant in Hong Kong, for an aggregate consideration of HK$5,900,000. The directors consider that the disposal will strengthen the overall financial and cash position of the Group and the Company will continue to concentrate its resources and implement a tighter cost control on the remaining sales of food and beverages operation in Hong Kong.

Financial Review

Liquidity, Financial Resources and Capital Structure

As at 30 June 2012, the Group had no outstanding interest-bearing borrowings (31 December 2011: Nil). The cash and cash equivalents of the Group were approximately HK$336,384,000 (31 December 2011: HK$378,011,000)

As at 30 June 2012, The Group's current ratio (current assets to current liabilities) was approximately 1.0 (31 December 2011: 1.0). The ratio of total liabilities to total assets of the Group was approximately 14.6% (31 December 2011: 14.9%).

As at 30 June 2012, the convertible notes outstanding principal amount of HK$1,958,670,000 due in 2041 not carrying any interest with right to convert the convertible notes into ordinance shares of the Company. The conversion price is HK$0.168 per share (subject to adjustments) and a maximum number of 11,658,750,000 shares may be allotted and issued upon exercise of the conversion rights attached to the convertible notes in full. During the period, no convertible note was converted to ordinary shares of the company.

Charge of Assets

None of the assets of the Group were pledged as security for any banking facilities and borrowings as at 30 June 2012 and 31 December 2011.

Exchange Exposure

The Group mainly operates in Hong Kong and PRC and the exposure in exchange rate risks mainly arises from fluctuations in the HK dollar and Renminbi exchange rates. Exchange rate fluctuations and market trends have always been the concern of the Group. The policy of the Group for its operating entities operates in their corresponding local currencies to minimize currency risks. The Group, after reviewing its exposure for the time being, did not enter into any derivative contracts aimed at minimizing exchange rate risks during the year. However, management will monitor foreign currency exposure and will consider hedging significant foreign currency exposure if necessary.

Capital Commitments

The Group had capital commitments of approximately HK$257,224,000 as at 30 June 2012 (31 December 2011: HK$259,350,000).

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2012 and 31 December 2011.

Employee Information

As at 30 June 2012, the Group had a total workforce of 154 (30 June 2011: 156). The Group remunerates its employees based on their work performance, working experiences, professional qualifications and the prevailing market practice.

Major Transaction

On 28 December 2011, Hon Po International Limited ("**Vendor**"), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company, entered into the agreement with the Purchaser, a third party independent of the Company, whereby the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the OGIT sale shares and the OGIT sale loan for an aggregate consideration of HK$5,900,000. Details of information were set out in the circular of the Company dated 29 June 2012.

The disposal was approved by the shareholders of the Company at the extraordinary general meeting dated 20 July 2012. All conditions precedent had been fulfilled and the disposal was completed on 31 July 2012. OGIT will cease to be a subsidiary of the Company and its financial results will not be consolidated into the Group's financial statements.

Prospects

Natural Resource Industries

The Group has been seeking investment opportunities from time to time to broaden the Group's sources of income.

The success of the acquisition of Totalbuild Investments in 2011 enables the Group to diversify its business into natural resources business. However, the delay in the production of oil/gas in Xinjiang will delay the return for those capital investment in oil and gas business. The management of the Group maintains its long-term confidence on the natural gas and oil industries and the acquisition will broaden the revenue stream of the Group in the future.

Sales of Food and Beverages Business

It is expected that the sales of food and beverages business will continue to face challenging business environment, the Group will take a very cautious approach to manage its operation and implement a tighter costs control in the near future.

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 2012.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain good corporate governance standard and procedures.

The Stock Exchange has promulgated the code provisions on Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules (the "**CG Code and Report**"). Throughout the six months ended 30 June 2012, the Group has complied itself with all CG Code and Report except for the following:

Pursuant to A.2.1 of the CG Code and Report which states that the role of the Chairman and Chief Executive Officer (the "**CEO**") should be separated and should not be performed by the same individual. Up to the date of this announcement, the Chairman of the Board is vacated and Mr. Zhao Guoqiang was elected as the CEO.

Pursuant to A.4.1 of the CG Code and Report, 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 have not been 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 and Report. The Group's unaudited financial statements for the six months ended 30 June 2012 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.

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 have described the authority and duties of the Remuneration Committee which in line with the CG Code and Report were prepared and adopted. The Remuneration Committee comprises three independent non-executive directors of the Company, namely Mr. Fu Wing Kwok, Ewing, Mr. Sun Xiaoli and Mr. Fu Dali.

NOMINATION COMMITTEE

The Nomination Committee was established on 27 March 2012 in compliance with the CG Code and Report, comprises three independent non-executive directors of the Company, is responsible for making recommendations to the Board on the appointment of directors and management of the Board succession.

PUBLICATION OF 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://www.cnenergy.com.hk). The interim report of the Company for 2012 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
Zhao Guoqiang
Chief Executive Officer and Executive Director

Hong Kong, 29 August 2012

As at the date of this announcement, the Board comprises Mr. Zhao Guoqiang, Mr. Chui Kwong Kau, Mr. Liu Baohe, Mr. Zhang Zhenming and Mr. Huang Changbi as executive directors; and Mr. Fu Wing Kwok, Ewing, Mr. Sun Xiaoli and Mr. Fu Dali as independent non-executive directors.