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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)

PROFIT WARNING AND BUSINESS UPDATE ON THE IMPACT OF NOVEL CORONAVIRUS EPIDEMIC

PROFIT WARNING

This announcement is made by China Energy Development Holdings Limited (the "**Company**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Directors**") of China Energy Development Holdings Limited (the "**Company**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that based on a preliminary review of the unaudited consolidated management accounts (the "**Management Accounts**") of the Company and its subsidiaries (the "**Group**") and information available to the Company, the Group is expected to record a loss for the year ended 31 December 2019 ("**FY2019**") as compared to the profit for the year ended 31 December 2018 ("**FY2018**"). This is principally due to the non-recurrence of the one-off revenue recognition in FY2018 of natural gas sales for the years 2009–2017 (the "**2009–2017 Revenue**"), resulting in over 65% decrease in the revenue in FY2019. However, if the 2009–2017 Revenue is excluded from the results in FY2018, the Group's revenue in FY2019 actually increased by over 45% as compared to FY2018.

The Company is still in the process of finalizing its Management Accounts and the annual results for FY2019 (the "**Annual Results Announcement**"). The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the Management Accounts and information which have not been finalized nor reviewed by the Company's auditors, and may be materially different from the Annual Results Announcement.

* *For identification purposes only*

BUSINESS UPDATE ON THE IMPACT OF NOVEL CORONAVIRUS EPIDEMIC

The Group's production facilities are principally situated in Kashgar city (also known as Kashi) and Karamay city (also known as Kelamayi) of Xinjiang Uygur Autonomous Region and its offices are situated in Korla city (also known as Kuerla), Xinjiang and Beijing. Since late January 2020, travel restrictions and other public health measures (the "**Public Health Measures**") including the extension of Chinese new year holiday and quarantine requirements of travelers were imposed in various areas in China in an attempt to contain the novel Coronavirus epidemic (the "**Epidemic**"), as a result of which certain staff of the Group were restricted from traveling or otherwise returning to work after holiday. That having said, since the Group supplies natural gas through pipelines without heavy reliance on human resources, the impact of the Epidemic and Public Health Measures on the Group's operations is minimal. The Company will continue to monitor the development of the Epidemic and its impact, if any, on the Company's operations, and make further announcement(s) as appropriate if necessary.

The Annual Results Announcement is scheduled to be published by the end of March 2020. The Company is in the process of finalizing its Management Accounts and carrying out works which are necessary for the completion of audit procedures on the Group's financial statements for FY2019 (the "**Financial Reporting and Audit Works**"), to the extent that these works are not affected by the Public Health Measures. However, due to the inability to conduct field works in China and other limitations caused by the Epidemic and the Public Health Measures, the Company currently cannot rule out the possibility that the completion of some of the Financial Reporting and Audit Works may experience delays. At present, the Company is still hopeful for the alleviation of the Epidemic in the near future such that the Company can finish as much of its Financial Reporting and Audit Works as we can in time, so as to publish at least the unaudited Management Accounts of the Group for FY2019 by the end of March 2020. Further announcement(s) will be made in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as and when appropriate.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Energy Development Holdings Limited
Zhao Guoqiang
Chief Executive Officer & Executive Director

Hong Kong, 10 March 2020

As at the date of this announcement, the Board comprises Mr. Zhao Guoqiang (Chief Executive Officer and alternate director to Dr. Gu Quan Rong) as an executive Director; Dr. Gu Quan Rong as a non-executive Director; and Mr. Zong Ketao, Mr. Cheng Chun Ying and Mr. Lee Man Tai as independent non-executive Directors.