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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the "**Board**") of Directors (the "**Directors**") 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 2023 together with comparative figures as follows. These interim financial statements have not been audited, but have been reviewed by the Company's Audit Committee.

FINANCIAL HIGHLIGHTS

Six months ended 30 June

Unaudited	**2023**	2022	Increase/ (decrease)%
Revenue *(HK$'000)*	**168,281**	185,555	(9.3)%
EBITDA[1] *(HK$'000)*	**112,859**	140,266	(19.5)%
EBITDA margin *(%)*	**67.1%**	75.6%	(8.5)%
Profit attributable to Owners of the Company *(HK$'000)*	**35,141**	61,875	(43.2)%
Net profit margin *(%)*	**20.9%**	33.3%	(12.4)%
Earnings per share			
– Basic *(HK cents)*	**0.37**	0.65	(43.1)%
– Diluted *(HK cents)*	**0.30**	0.50	(40.0)%

Note 1: EBITDA represents the EBITDA of the Company and its subsidiaries. EBITDA is defined as Earnings Before net Interest and other finance costs, Taxation, reversal of impairment, fair value change on financial assets, Depreciation and Amortisation. Information concerning EBITDA has been included in the Group's financial information and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA is not a measure of cash liquidity or financial performance under Hong Kong Financial Reporting Standards ("**HKFRS**") and the EBITDA measures used by the Group may not be comparable to other similarity titled measures of other companies. EBITDA should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with HKFRS.

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Unaudited six months ended 30 June	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
REVENUE	3	**168,281**	185,555
Direct cost		**(21,609)**	(29,561)
Other income	4	**1,043**	2,847
Selling and distributing expenses		**(14,587)**	(17,351)
Staff costs		**(8,299)**	(9,557)
Expenses related to short-term leases		**(2,089)**	(240)
Depreciation of right-of-use assets		**(4,775)**	(5,736)
Depreciation of property, plant and equipment		**(18,506)**	(20,834)
Amortisation of intangible assets	12	**(13,277)**	(15,741)
Fair value loss of financial assets at fair value through profit or loss		**(5,995)**	(5,188)
Reversal of impairment of property, plant and equipment	10	**479**	4,316
Reversal of impairment of intangible assets	12	**1,836**	16,603
Expense charged under Petroleum Contract		**(4,761)**	(2,770)
Other operating expenses		**(5,120)**	(4,388)
Finance costs	5	**(26,567)**	(26,883)
PROFIT BEFORE INCOME TAX	6	**46,054**	71,072
Income tax charge	7	**(11,560)**	(9,365)
PROFIT FOR THE PERIOD		**34,494**	61,707
OTHER COMPREHENSIVE LOSS AFTER TAX:			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations attributable to:			
Owners of the Company		**(79,759)**	(74,846)
Non-controlling interests		**(566)**	(599)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(45,831)**	(13,738)

	Notes	Unaudited six months ended 30 June **2023** ***HK$'000***	2022 *HK$'000*
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		**35,141**	61,875
Non-controlling interests		**(647)**	(168)
		34,494	61,707
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Owners of the Company		**(44,618)**	(12,971)
Non-controlling interests		**(1,213)**	(767)
		(45,831)	(13,738)
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
– Basic *(HK cents)*		**0.37**	0.65
– Diluted *(HK cents)*		**0.30**	0.50

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	**Unaudited 30 June 2023 *HK$'000***	Audited 31 December 2022 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	10	**1,112,049**	1,163,006
Right-of-use assets		**7,669**	12,820
Exploration and evaluation assets	11	**253**	265
Intangible assets	12	**1,105,467**	1,168,668
Deferred tax assets		**10,658**	22,820
		2,236,096	2,367,579
CURRENT ASSETS			
Account receivables	13	**56,761**	187
Financial assets at fair value through profit or loss		**22,858**	28,854
Other receivables, deposits and prepayments		**26,908**	32,193
Cash and bank balances		**134,167**	131,296
		240,694	192,530
TOTAL ASSETS		**2,476,790**	2,560,109
CURRENT LIABILITIES			
Other payables and accruals	14	**181,342**	196,240
Lease liabilities		**2,752**	8,106
Amount due to a shareholder	15	**33,835**	33,835
Other borrowings	16	**292,110**	305,760
		510,039	543,941
NET CURRENT LIABILITIES		**(269,345)**	(351,411)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,966,751**	2,016,168

	Notes	**Unaudited 30 June 2023** *HK$'000*	Audited 31 December 2022 *HK$'000*
NON-CURRENT LIABILITIES			
Other borrowings	16	**172,270**	180,320
Lease liabilities		**73**	1,441
Convertible notes	17	**113,621**	107,789
		285,964	289,550
NET ASSETS		**1,680,787**	1,726,618
EQUITY ATTRIBUTABLE TO			
Share capital	18	**475,267**	475,267
Reserves		**1,195,628**	1,240,246
Owners of the Company		**1,670,895**	1,715,513
Non-controlling interests		**9,892**	11,105
TOTAL EQUITY		**1,680,787**	1,726,618

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

a. Statement of compliance

The unaudited condensed consolidated interim financial statements (the "**Interim Financial Statements**") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as with 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**").

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022 ("**2022 Annual Report**").

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 31 December 2022.

The Interim Financial Statements were approved and authorised for issue by the Board on 31 August 2023.

b. Basis of measurement and going concern assumption

(i) Basis of measurement

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

(ii) Going concern basis

As at 30 June 2023, the current liabilities of the Group exceeded its current assets by approximately HK$269,345,000 (As at 31 December 2022: approximately HK$351,411,000). This situation indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The Group's current liabilities as at 30 June 2023 are mainly attributable to property, plant and equipment payables amounting to approximately HK$121,583,000 and other borrowings in the amount of approximately HK$292,110,000. The Directors of the Company are of the view that the Group will be able to successfully persuade these contractors not to insist on demanding repayment and negotiate with the creditor in the PRC to extend the borrowing period. However, there is no certainty that these contractors and the creditor will not demand repayment.

In view of the net current liabilities position, the Directors have carried out a detailed review of the cash flow forecast of the Group covering a period of not less than twelve months from the end of the reporting period based on certain underlying assumptions including (i) financial support from a shareholder not to demand repayment within 12 months; (ii) the Group being able to successfully persuade contractors not to insist on repayment of the construction cost payables; (iii) the Group being able to successfully negotiate with the creditor in the PRC to extend the borrowing period; (iv) the Group being able to raise adequate funding through bank borrowings or otherwise; and (v) the Group being able to maintain the level of cashflow from operations which is in line with that of the six months ended 30 June 2023. Taking into account the above assumptions, the Directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 30 June 2023.

c. Functional and presentation currency

The condensed consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations.

The application of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years. The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these new standard(s), amendments and interpretation(s) will have no material impact on the unaudited condensed consolidated financial statements.

3. REVENUE AND OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(i) the exploration, production and distribution of natural gas segment comprises the operation of the exploration, development, production and sales of natural gas mainly in North Kashi Block, Tarim Basin, Xinjiang, PRC ("**Kashi Project**") and Karamay, Xinjiang, PRC ("**Karamay Project**");

(ii) the sales of food and beverages business segment comprises the sales of food and beverages; and

(iii) the money lending business comprises provision of loans to third parties.

Management monitors the results of the Group's operating segments separately for the purposes of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of net profit/(loss) before tax. The net profit/(loss) before tax is measured consistently with the Group's net profit before tax.

Segment assets exclude deferred tax assets, cash and deposits and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bank and other borrowings, lease liabilities, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The segment information provided to the Board for the reportable segments for the six months ended 30 June 2023 and 2022 are as follows:

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

	Exploration, Production and Distribution of Natural Gas *HK$'000*	**Sales of Food and Beverages Business** *HK$'000*	**Money Lending Business** *HK$'000*	**Total** *HK$'000*
For the six months ended 30 June 2023 (unaudited)				
Revenue from external customers	**168,281**	**–**	**–**	**168,281**
Reportable segment profit/(loss) before income tax	**62,499**	**(246)**	**(93)**	**62,160**
Segment results included:				
Interest income	**683**	**–**	**–**	**683**
Interest expense	**(20,735)**	**–**	**–**	**(20,735)**
Amortisation of intangible assets	**(13,277)**	**–**	**–**	**(13,277)**
Depreciation of property, plant and equipment	**(17,625)**	**(102)**	**–**	**(17,727)**
Depreciation of right-of-use assets	**(4,775)**	**–**	**–**	**(4,775)**
Reversal of impairment of property, plant and equipment	**479**	**–**	**–**	**479**
Reversal of impairment of intangible assets	**1,836**	**–**	**–**	**1,836**
As at 30 June 2023 (unaudited)				
Reportable segment assets	**2,383,753**	**204**	**17**	**2,383,974**
Reportable segment liabilities	**(648,382)**	**–**	**–**	**(648,382)**

	Exploration, Production and Distribution of Natural Gas *HK$'000*	Sales of Food and Beverages Business *HK$'000*	Money Lending Business *HK$'000*	Total *HK$'000*
For the six months ended 30 June 2022 (unaudited)				
Revenue from external customers	185,555	–	–	185,555
Reportable segment profit/(loss) before income tax	83,064	(236)	(62)	82,766
Segment results included:				
Interest income	694	–	–	694
Interest expense	(21,621)	–	–	(21,621)
Amortisation of intangible assets	(15,741)	–	–	(15,741)
Depreciation of property, plant and equipment	(19,934)	(123)	–	(20,057)
Depreciation of right-of-use assets	(5,736)	–	–	(5,736)
Reversal of impairment of property, plant and equipment	4,316	–	–	4,316
Reversal of impairment of intangible assets	16,603	–	–	16,603
As at 31 December 2022 (audited)				
Reportable segment assets	2,454,360	376	18	2,454,754
Reportable segment liabilities	(690,616)	(2)	–	(690,618)

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

	Unaudited six months ended 30 June **2023** *HK$'000*	2022 *HK$'000*
Profit before income tax		
Reportable segment profit before income tax	**62,160**	82,766
Other income	**109**	359
Fair value loss of financial assets at fair value through profit or loss	**(5,995)**	(5,188)
Finance costs	**(5,832)**	(5,262)
Unallocated head office and corporate expenses	**(4,388)**	(1,603)
Profit before income tax	**46,054**	71,072

	Unaudited 30 June 2023 *HK$'000*	Audited 31 December 2022 *HK$'000*
Assets		
Reportable segment assets	**2,383,974**	2,454,754
Property, plant and equipment	**52,691**	53,470
Other receivables, deposits and prepayments	**5,463**	7,574
Financial assets at fair value through profit or loss	**22,858**	28,854
Cash and bank balances	**11,804**	15,457
Total assets	**2,476,790**	2,560,109

	Unaudited 30 June 2023 *HK$'000*	Audited 31 December 2022 *HK$'000*
Liabilities		
Reportable segment liabilities	**648,382**	690,618
Convertible notes	**113,621**	107,789
Amount due to a shareholder	**33,835**	33,835
Other payables and accruals	**165**	1,249
Total liabilities	**796,003**	833,491

(c) Disaggregation of revenue from contracts with customers:

	Unaudited six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Geographical markets		
The PRC	**168,281**	185,555
Total	**168,281**	185,555
Major product/service		
Natural gas	**168,281**	185,555
Total	**168,281**	185,555
Timing of revenue recognition		
At a point of time	**168,281**	185,555
Total	**168,281**	185,555

4. OTHER INCOME

	Unaudited six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Interest income	**690**	923
Others	**353**	1,924
	1,043	2,847

5. FINANCE COSTS

	Unaudited six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Interest expense on other borrowings	**20,418**	20,923
Interest expense on lease liabilities	**318**	698
Interest expense on liability component of convertible notes	**5,831**	5,262
Total interest expenses on financial liabilities not at fair value through profit or loss	**26,567**	26,883

6. PROFIT BEFORE INCOME TAX

	Unaudited six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
The Group's profit before income tax is stated after charging/(crediting):		
Depreciation of right-of-use assets	**4,775**	5,736
Depreciation of property, plant and equipment	**18,506**	20,834
Amortisation of intangible assets	**13,277**	15,741
Fair value loss of financial assets at fair value through profit or loss	**5,995**	5,188
Reversal of impairment of property, plant and equipment	**(479)**	(4,316)
Reversal of impairment of intangible assets	**(1,836)**	(16,603)
Exchange gains, net	**(4)**	(52)
Staff costs (including directors' remuneration)		
– Wages and salaries and other benefits	**8,267**	9,513
– Pension fund contributions	**32**	44

7. INCOME TAX CHARGE

The amount of taxation in the condensed consolidated statement of comprehensive income represents:

	Unaudited six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Current tax	**–**	–
Deferred tax charge	**11,560**	9,365
Total tax expenses for the period	**11,560**	9,365

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong during both periods. No provision for Enterprise Income Tax in the PRC has been made during both periods as the Group had unused tax losses brought forward to offset the current periods' profit.

According to HKAS 12 Income Taxes, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

8. DIVIDEND

No dividend was paid or proposed for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil), nor has any dividend been proposed since the end of reporting period.

9. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit 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	
	2023	2022
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**35,141**	61,875
	Number of Shares	
Weighted average number of ordinary shares in issue	**9,505,344,000**	9,505,344,000
	HK Cents	
Basic earnings per share	**0.37**	0.65

(b) Diluted earnings per share

The calculation of the diluted earnings per share attributable to the owners of the Company for the six months ended 30 June 2023 is based on the following data:

	Unaudited six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**35,141**	61,875
Adjustments for interest on convertible notes	**5,831**	5,262
Profit attributable to owners of the Company for diluted earnings per share	**40,972**	67,137
	Number of shares	*Number of shares*
Weighted average number of ordinary shares in issue	**9,505,344,000**	9,505,344,000
Effect of dilutive potential ordinary shares on convertible notes	**4,045,654,761**	4,045,654,761
	13,550,998,761	13,550,998,761
	HK Cents	*HK Cents*
Diluted earnings per share	**0.30**	0.50

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group purchased property, plant and equipment of Nil (six months ended 30 June 2022: Nil).

The Group carried out reviews of the recoverable amount of the Kashi Project (as defined in Note 3) semi- annually. These assets are used in the Group's Exploration, Production and Distribution of Natural Gas segment. Reversal of impairment of approximately HK$479,000 was recognised for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK$4,316,000) as the recoverable amount exceeds the carrying amount of the related cash-generating unit ("**CGU**") for the Kashi Project. The recoverable amount of the relevant asset has been determined on the basis of their value in use using discounted cash flow method. The pre-tax discount rate used was 16.8% for the six months ended 30 June 2023 (six months ended 30 June 2022: 16.8%).

11. EXPLORATION AND EVALUATION ASSETS

During the six months ended 30 June 2023, the Group did not purchase any exploration and evaluation assets (six months ended 30 June 2022: approximately HK$106,000).

The Group carried out reviews of the recoverable amount of the Kashi Project semi-annually. These assets are used in the Group's Exploration, Production and Distribution of Natural Gas segment. No reversal of impairment was recognised for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil) as the carrying amount of the related CGU for the Kashi Project approximates its recoverable amount. The recoverable amount of the relevant asset has been determined on the basis of their value in use using discounted cash flow method. The pre-tax discount rate used was 16.8% for the six months ended 30 June 2023 (six months ended 30 June 2022: 16.8%).

12. INTANGIBLE ASSETS

As at 30 June 2023, the interest in the petroleum production sharing contract acquired in previous years in relation to the acquisition of subsidiaries was recognised as intangible assets at costs. For the six months ended 30 June 2023, amortisation of approximately HK$13,277,000 (six months ended 30 June 2022: approximately HK$15,741,000) was provided and is amortised under unit of production method.

No impairment loss of intangible assets was recognised during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil). Reversal of impairment of intangible assets of approximately HK$1,836,000 (six months ended 30 June 2022: approximately HK$16,603,000) was recognised during the six months ended 30 June 2023 as the recoverable amount of the CGU for the Kashi Project exceeds its carrying amount. The recoverable amount of the CGU for the Kashi Project was based on value in use calculation using discounted cash flow method (level 3 fair value measurements). The pre-tax discount rate used for value in use calculations is 16.8% (six months ended 30 June 2022: 16.8%) for the six months ended 30 June 2023.

13. ACCOUNT RECEIVABLES

Account receivables represent the receivables recognised from the exploration, production and distribution of natural gas segment. Sales to customer is normally made with credit terms of 30 to 60 days. Account receivables as at 30 June 2023 is neither past due nor impaired (31 December 2022: Nil).

The balances of sales of natural gas are non-interest bearing. Account receivables in the amount of approximately HK$56,761,000 were pledged as security for other borrowings as at 30 June 2023 (31 December 2022: approximately HK$187,000).

The aging analysis of account receivables at the end of the reporting period, presented based on the revenue recognition dates, and net of allowance, is as follows:

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
	HK$'000	*HK$'000*
Within 3 months	**56,761**	187

14. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
	HK$'000	*HK$'000*
Property, plant and equipment/exploration and evaluation cost payables *(note (a))*	**121,583**	142,966
Other payables and accruals *(note (b))*	**59,759**	53,274
	181,342	196,240

note (a): Property, plant and equipment/exploration and evaluation cost payables represent balances payable to sub-contractors engaged by the Group to perform exploration, evaluation and development works on the area designated in the Petroleum Contract.

note (b): Included above are the receipt in advance from CNPC amounted to approximately HK$11,617,000 (31 December 2022: approximately HK$16,203,000).

15. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, interest-free and repayable upon demand (31 December 2022: same as at 30 June 2023).

16. OTHER BORROWINGS

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
	HK$'000	*HK$'000*
Secured other borrowings	**464,380**	486,080

The other borrowings were denominated in RMB, charged at 8.5% per annum, repayable partly in 2 years and fully in 3 years from the drawdown date and pledged by the account receivables of the Group (Note 13) under the Petroleum Contract dated 22 December 2008, the supplemental contract dated 6 December 2017, the second supplemental contract dated 20 June 2019 and the gas sales agreement dated 27 April 2020. In addition, the rights of natural gas sharing amount and sales revenue under the product sharing arrangement and the sales agreement were pledged as security for the other borrowings as at 30 June 2023 (31 December 2022: same pledge as at 30 June 2023).

17. CONVERTIBLE NOTES

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

	Carrying amount	
	Liability component	**Equity component**
	HK$'000	*HK$'000*
As at 31 December 2022 and 1 January 2023 (audited)	107,789	695,828
Interest expenses (unaudited)	5,832	–
As at 30 June 2023 (unaudited)	**113,621**	**695,828**

Up to 30 June 2023, convertible notes with principal amount of HK$599,330,000 have been converted into ordinary shares of the Company. No convertible notes have been converted during the six months ended 30 June 2023 and the year ended 31 December 2022.

The convertible notes with outstanding principal amount of HK$679,670,000 as at 30 June 2023 and 31 December 2022 have maturity date falling 30 years from the date of issue on 3 January 2011.

18. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Authorised:		
Ordinary shares of HK$0.05 each		
At 30 June 2023 (unaudited) and 31 December 2022 (audited)	25,000,000,000	1,250,000
Issued and fully paid:		
Ordinary shares of HK$0.05 each		
At 30 June 2023 (unaudited) and 31 December 2022 (audited)	9,505,344,000	475,267

19. RELATED PARTY TRANSACTIONS

During the period, the Group had the following significant transactions with related parties:

	Unaudited six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Key management personnel remuneration:		
Directors – short-term employee benefits	**814**	810
– bonus	**–**	2,754
	814	3,564

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Company Overview

The principal activity of China Energy Development Holdings Limited (the "**Company**") is investment holding. The Company, through its major subsidiaries, is principally engaged in (i) oil and gas exploration; (ii) distribution of natural gas; (iii) sales of food and beverages and (iv) money lending business.

Our Group's principal activities are exploration, development production and sales of oil natural gas, until the date of issue of this interim results announcement, our Group currently has an oil natural gas exploration, development and production project, Kashi Project and a project mainly engaged in a business of natural gas pipeline transportation and sales which is situated in Xinjiang region of the PRC.

The Company's indirectly wholly-owned subsidiary, China Era Energy Power Investment (Hong Kong) Limited ("**China Era**") entered into a petroleum contract ("**Petroleum Contract**") with China National Petroleum Corporation ("**CNPC**") for the drilling, exploration, development and production of oil and/or natural gas within the specified site located in North Kashi Block, Tarim Basin, Xinjiang, PRC ("**Kashi Project**").

Since 19 August 2016, the Company owns 51% subsidiary of Karamay Fuhai Petroleum Chemical Engineering Co., Limited*. This subsidiary owns 51% interest of Karamay Weirun Gas Company Limited*. Such company's principal activities are mainly operations of natural gas pipeline transportation and sales in the neighbour region of Karamay City, Xinjiang, PRC ("**Karamay Project**").

(2) Business Review

In the first half of 2023, the Company faced challenges arising from a slower-than-expected recovery of the PRC's economy followed with the COVID-19 pandemic. In addition, the complex relationship between the market environment and resource supply and demand added to the difficulties.

The Group's revenue declined by approximately HK$17,274,000 or 9.3% period-on-period to approximately HK$168,281,000 for the six months ended 30 June 2023 which was due to the above unfavourable external factors, lower market demand for warmer spring season in the first half of 2023 as compared with the same period of 2022 and a temporarily shut down its gas production for around 10 days for regular repair and maintenance of gas processing facilities of Kashi project. The Group recorded profit attributable to owners of the Company of approximately HK$35,141,000; and total comprehensive loss attributable to owners of the Company of approximately HK$44,618,000 for the six months ended 30 June 2023. Profit attributable to owners of the Company decreased by approximately 43.2% period-on-period and total comprehensive loss attributable to owner of the Company increased by approximately 244.0% period-on-period. The comprehensive loss was adjusted for the impact of the fall of RMB and the appreciation of HKD of approximately HK$79,759,000 for the six months ended 30 June 2023.

(a) Exploration, Production and Distribution of Natural Gas Segment

The Petroleum Contract of the Kashi Project is for a term of 30 years commencing on 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.

According to the Petroleum Contract, the exploration period covers 6 years. The managements have devoted much of its resources during the period in exploration and research studies. On 6 December 2017, China Era and CNPC entered into a supplemental and amendment agreement to the Petroleum Contract (the "**Supplemental Agreement**") extending the First Phase exploration period to 5 December 2017. On 20 June 2019, China Era and CNPC entered into a second supplemental agreement to the Petroleum Contract (the "**2nd Supplemental Agreement**") to set out the amount of profit sharing between 2009 and 2017. The filing of the Overall Development Program ("**ODP**") was completed on 8 July 2019, and the development period of the Kashi Project commenced with effect from 9 July 2019. As disclosed in the Company's announcement dated 28 April 2020, the Gas Sales Agreements ("**GSA**") was signed on 27 April 2020.

The Group's exploration, production and distribution of natural gas segment comprises the natural gas exploration, production and distribution under Kashi Project and the Group's natural gas distribution operation in Karamay, Xinjiang, the PRC. During the period, this segment contributed revenue of approximately HK$168,281,000 (six months ended 30 June 2022: approximately HK$185,555,000) and recorded segment profit before income tax of approximately HK$62,499,000 (six months ended 30 June 2022: approximately HK$83,064,000). Regarding the Kashi Project, the Group's sharing of natural gas under the Petroleum Contract was approximately 147 million cubic meters ("**MMm^3**") for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately 152 MMm^3).

(b) Sales of Food and Beverages Business

For the six month ended 30 June 2023, the Group did not record any revenue from the sales of food and beverages business segment (six months ended 30 June 2022: Nil). The segment loss before tax expenses was approximately HK$246,000 (six months ended 30 June 2022: approximately HK$236,000). The food and beverage industry was greatly affected by COVID-19 outbreak since early 2020. We will continue to keep track of the economic environment and review the future allocation of resources as and when required.

(c) Money Lending Business

For the six months ended 30 June 2023, no revenue is generated from the money lending business operated by its indirect wholly-owned subsidiary, Zhong Neng Finance Ltd., a licensed money lender under the Money Lenders Ordinance (Cap.163, Laws of Hong Kong) (six months ended 30 June 2022: Nil). The segment loss before tax expenses was approximately HK$93,000 (six months ended 30 June 2022: approximately HK$62,000). Due to uncertainties on economic outlook affected by COVID-19 and Russo-Ukrainian War, the Group continued to adopt a stringent credit policy to mitigate the credit risk arising from the money lending business.

(3) Operating Results

During the six months ended 30 June 2023, the Group recorded a revenue in the amount of approximately HK$168,281,000 (the first half of 2022: approximately HK$185,555,000). The Group's revenue was principally derived from the exploration, production and distribution of natural gas segment of approximately HK$168,281,000 (the first half of 2022: approximately HK$185,555,000). During the six months ended 30 June 2023, neither the money lending business segment nor the sales of food and beverages segment contributed any revenue to the Group (the first half of 2022: both Nil).

During the six months ended 30 June 2023, slow recovery of the PRC's economy after the COVID-19 pandemic, warmer spring season in the first half of 2023 when compared with spring in the first half of 2022 and a temporary shut down gas production for around 10 days for the regular repair and maintenance of gas processing facilities at Kashi, resulting in decline in production volume from approximately 152 MMm^3 to approximately 147 MMm^3 with decline in demand for natural gas which dragged down the Company's natural gas sales volume. The Group achieved revenue of approximately HK$168,281,000, representing a decrease of approximately HK$17,274,000, or 9.3% period-on-period. Earnings before net interest and other finance costs, taxation, reversal of impairment, fair value change on financial assets, depreciation and amortisation ("**EBITDA**") decreased from approximately HK$140,266,000 for the six months ended 30 June 2022 to approximately HK$112,859,000 for the six months ended 30 June 2023 by approximately HK$27,407,000 or 19.5% which was in line with the decrease in revenue by approximately HK$17,274,000 or 9.3% period-on-period.

Significant decrease in reversal of impairment of property, plant and equipment by approximately HK$3,837,000 and decrease in reversal of impairment of intangible assets of approximately HK$14,767,000 when compared with the same period last year were the result of narrow down the difference between the recoverable amount of the cash generating unit ("**CGU**") of the Kashi Project as at 30 June 2023 and the carrying amount of the CGU of the Kashi Project as at 30 June 2023.

For calculation of the recoverable amount of the CGU of the Kashi Project, the key quantitative inputs included the current period and budgeted years' net profit and cash flows to the Kashi Project and the pre-tax discount rate of 16.8% for the six months ended 30 June 2023 (six months ended 30 June 2022: 16.8%). The recoverable amount of the CGU of the Kashi Project as at 30 June 2023 of approximately HK$2,219,831,000 which exceeded the carrying amount of the CGU of the Kashi Project as at 30 June 2023 of approximately HK$2,217,516,000 to bring out the reversal of impairment of intangible assets of approximately HK$1,836,000 and the reversal of impairment of property, plant and equipment of approximately HK$479,000 respectively.

The impairment assessment as at 30 June 2023 was made by the management of the Company with reference to the assessment made by an independent professional valuer as at 31 December 2022. The methodology, the key general and specific assumptions on which the management had based its determination of the CGU's recoverable amount as at 30 June 2023 were the same as those adopted for the assessment as at 31 December 2022.

Profit attributable to owners of the Company decreased by approximately HK$26,734,000 or 43.2% to approximately HK$35,141,000 for the six months ended 30 June 2023. This was mainly due to decrease in revenue of approximately HK$17,274,000, increase in expenses related to short-term leases by approximately HK$1,849,000, decrease in reversal of impairment of property, plant and equipment of approximately HK$3,837,000, decrease in reversal of impairment of intangible assets of approximately HK$14,767,000, increase in fair value loss of financial assets at fair value through profit or loss of approximately HK$807,000, and increase in income tax charge of approximately HK$2,195,000; being offset by decrease in selling and distribution expenses of approximately HK$2,764,000, decrease in depreciation of property, plant and equipment of approximately HK$2,328,000, decrease in depreciation of right-of-use assets of approximately HK$961,000 and decrease in amortisation of intangible assets of approximately HK$2,464,000.

Decrease in EBITDA margin by 8.5% period-on-period to 67.1% for the six months ended 30 June 2023 with decrease in net profit margin by 12.4% period-on-period to 20.9% for the six months ended 30 June 2023 was mainly due to decrease in reversal of impairment of property, plant and equipment of approximately HK$3,837,000 and decrease in reversal of impairment of intangible assets of approximately HK$14,767,000 for the six months ended 30 June 2023.

Exchange differences on translation of foreign operations

As a result of depreciation of Renminbi ("**RMB**") against the Hong Kong Dollars ("**HKD**") during the six months ended 30 June 2023, the exchange differences on translation of foreign operations attributable to owners of the Company increased from exchange loss of approximately HK$74,846,000 for the six months ended 30 June 2022 to exchange loss of approximately HK$79,759,000 for the six months ended 30 June 2023. Meanwhile, the exchange differences on translation of foreign operations attributable to Non-controlling interests decreased from exchange loss of approximately HK$599,000 for the six months ended 30 June 2022 to exchange loss of approximately HK$566,000 for the six months ended 30 June 2023.

Such exchange difference just represented the translation difference of currency between RMB and the HKD in the presentation of condensed consolidated financial statements and did not have any significant impact on the operations of the Group. Therefore, the management does not see the necessity to take any measure at this moment.

Natural gas business analysis

Analysis of business performance for the six months ended 30 June 2023

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

(a) *Results of operations in exploration, production and distribution of natural gas segment*

	Unaudited six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Revenue	**168,281**	185,555
Direct cost	**(21,609)**	(29,561)
Other income	**934**	2,488
Selling and distribution expenses	**(14,587)**	(17,351)
Operating expenses	**(16,423)**	(15,954)
Amortisation	**(13,277)**	(15,741)
Depreciation	**(22,400)**	(25,670)
Reversal of impairment	**2,315**	20,919
Finance cost	**(20,735)**	(21,621)
Profit from operations before income tax expenses	**62,499**	83,064

(b) *Costs incurred for exploration and evaluation assets acquisitions and exploration activities*

	Unaudited six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Exploration cost	**–**	106

Exploration and evaluation assets

The exploration and evaluation assets mainly represents costs directly associated with exploratory wells (drilling cost and others) that are capitalised and pending a determination of whether sufficient quantities of potentially economic gas reserves have been discovered.

During the six months ended 30 June 2023, the Directors considered that the exploration and evaluation assets capitalised in the previous years and utilised for generating revenue in the development stage should be reclassified as oil properties under property, plant and equipment.

During the six months ended 30 June 2023, the Group did not incur any exploration and evaluation cost (year ended 31 December 2022: Nil), and no exploration and evaluation assets which was reclassified to oil properties under property, plant and equipment during the six months ended 30 June 2023 (year ended 31 December 2022: approximately HK$50,798,000). The exploration and evaluation assets of approximately HK$253,000 as at 30 June 2023 were similar to approximately HK$265,000 as at 31 December 2022.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represented the fair value of listed equity securities based on quoted market price (level 1 fair value measurement) as at 30 June 2023. Decline of financial assets at fair value through profit or loss by approximately HK$5,996,000 or 20.8% period-on-period to approximately HK$22,858,000 as at 30 June 2023 was mainly due to poor stock market sentiment under the slow economic recovery of COVID-19 pandemic during the six months ended 30 June 2023.

Other payables and accruals

Other payables and accruals mainly represents the balances payable to contractors engaged by the Group to perform exploration, evaluation and development works on the area designated in the Petroleum Contract, and the receipt in advance from China National Petroleum Corporation ("**CNPC**") as at 30 June 2023. Decrease in other payables and accruals by approximately HK$14,898,000 or 7.6% to approximately HK$181,342,000 as at 30 June 2023 was mainly due to settlement of payable to contractors of approximately HK$15,000,000 during the six months ended 30 June 2023.

Other borrowings

Other borrowings mainly represents pledged borrowings which were denominated in RMB repayable partly in 2 years and fully in 3 years from the drawdown date. Other borrowings amounted to approximately HK$292,110,000 are repayable before 30 June 2024 whereas other borrowings amounted to approximately HK$172,270,000 will be repayable within coming 2–3 years. The Group plans to revolve the borrowings by repayment and re-borrowing of the same amount within the forthcoming repayment periods in the current year.

(4) Financial Review

Liquidity, Financial Resources and Capital Structure

As at 30 June 2023, the Group has outstanding secured other borrowings of approximately HK$464,380,000 (as at 31 December 2022: approximately HK$486,080,000). The cash and cash equivalents of the Group were approximately HK$134,167,000 (as at 31 December 2022: approximately HK$131,296,000). The Group's current ratio (current assets to current liabilities) was approximately 47.2% (as at 31 December 2022: approximately 35.4%). The ratio of total liabilities to total assets of the Group was approximately 32.1% (as at 31 December 2022: approximately 32.6%).

As at 30 June 2023, the convertible notes have an outstanding principal amount of HK$679,670,000. These convertible notes do not carry any interest, but carry the right to convert the principal amount into ordinary shares of the Company. The conversion number of 4,045,654,762 shares may be allotted and issued upon exercise of the conversion rights attached to the convertible notes in full. During the six months ended 30 June 2023, no convertible notes have been converted to ordinary share of the Company.

(5) Prospects

Exploration, Production and Distribution of Natural Gas

The project details and key milestones for the Kashi Project were disclosed in the Company's circular dated 3 December 2010. In essence, the Petroleum Contract covers an exploration period of up to six years (which was extended by CNPC pursuant to the Supplemental Agreement), a development period and a production period. The development period commences on the date after the date of filing completion of the ODP and ends on the date of the completion of the development operations required by the ODP to be completed during the development period. The end of the development period also signifies the commencement of the commercial production of the project and hence the production period, which runs for fifteen years for an oil field and twenty years for a gas field (subject to extension with the approval of the government).

As disclosed in the Company's announcement dated 25 July 2019, the filing of the ODP of Kashi Project was completed on 8 July 2019 and the development period commenced with effect from 9 July 2019. As disclosed in the Company's announcement dated 28 April 2020, the GSA was signed on 27 April 2020. Following the operation of the new gas processing facilities on 1 July 2020, the Joint Management Committee of North Kashi Block Cooperation Project resolved that the commercial production stage commenced with effect from 1 October 2020. The Company's management will continue to follow up with potential lenders and investors with the view to secure additional debt and/or equity funding to finance the further development of the project.

As disclosed in the Company's announcement dated 30 September 2021, in the second half of 2021, further new production wells commenced operation or construction at the Akemomu Gas Field, including: (1) the commencement of operation of a new well, WD-1, which was originally designed as an exploratory well and was turned into a production well due to its production of commercial gas flow; (2) the completion of drilling of a new production well, AK1-H8, which is a horizontal well, currently in the process of well completion, and is expected to be put into operation in or before the first quarter of 2022; and (3) the commencement of drilling of a new production well, AK4-1, which is a vertical well, and is expected to proceed to well completion state and put into operation in or before the first quarter of 2022.

The Company's management will continue to follow up with potential lenders and investors with the view to secure additional debt and/or equity funding to finance the further development of the project. Further announcement(s) will be made but the Company as and when there is any significant progress of the Kashi Project.

Sales of Food and Beverages Business

The management has taken a cautious approach to manage the operations of the food and beverages segment. The Group will assess the value and performance of this segment from time to time, and continue to keep track of the economic environment and review the future allocation of resources as and when required.

Money Lending Business

The management has taken a cautious approach in money lending business in view of the uncertainties on the economic outlook. The management will continue to look for high quality borrowers in order to minimise the risk of default.

TREASURY MANAGEMENT AND POLICIES

The Group adopts a prudent approach for its cash management and risk control. The objective of the Group's treasury policies is to minimise risks and exposures due to fluctuation in foreign currency exchange rates and interest rates.

Cash has been generally placed in short-term deposits denominated in Hong Kong dollar, US dollar, and Renminbi. The Group has obtained bank facilities and borrowings with stable interest rates. The Group does not foresee any significant interest rate risks. The Group's transactions and investment are mostly denominated in Hong Kong dollar, and Renminbi. As the Group's policy is to have its operating entities to operate in their corresponding local currencies to minimise currency risks, the Group does not anticipate any material foreign exchange exposures and risks.

During the period under review, no hedging transactions related to foreign exchange had been made, proper steps will be taken when the management considers appropriate.

SIGNIFICANT INVESTMENTS

As at 30 June 2023, the Group did not have any significant investment held except for the financial assets at fair value through profit or loss of approximately HK$22,858,000 (as at 31 December 2022: approximately HK$28,854,000).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2023.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CHARGE OF ASSETS

Account receivables in the amount of approximately HK$56,761,000 were pledged as security for other borrowings as at 30 June 2023 (31 December 2022: approximately HK$187,000). In addition, the rights of natural gas sharing amount and sales revenue under the product sharing agreement and the sales agreement were pledged as security of other borrowings as at 30 June 2023 (31 December 2022: same pledge as at 30 June 2023).

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 minimising exchange rate risks during the period. However, management will monitor foreign currency exposure and will consider hedging significant foreign currency exposure if necessary.

CAPITAL COMMITMENTS

As at 30 June 2023, the Group had capital commitments relating to Kashi Project of approximately HK$54,584,000 of which approximately HK$9,138,000 would be borne by CNPC (31 December 2022: approximately HK$98,246,000 of which approximately HK$5,873,000 would be borne by CNPC), and approximately HK$116,523,000 (31 December 2022: approximately HK$127,600,000) relating to capital contributions in a subsidiary of the Group.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2023 and 31 December 2022.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, the Group had a total workforce of 43 (31 December 2022: 41). Staff cost is maintained at a competitive level with total staff costs for the six months ended 30 June 2023 amounted to approximately HK$8,299,000 (six months ended 30 June 2022: approximately HK$9,557,000). Remuneration policy is based on principles of equality, motivation, performance and prevailing market practice and remuneration packages are normally reviewed on an annual basis. Other staff benefits including provident fund, medical insurance coverage etc. There was also a share option scheme offered to employees and eligible participants but just expired on 25 June 2023. No share options were granted under the Company's share option scheme during the six months ended 30 June 2023 and 2022.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

SUBSEQUENT EVENT

There were no important events affecting the Group, which occurred after the end of the Reporting Period and up to the date of this announcement.

CHANGE OF DIRECTORS' AND SENIOR MANAGEMENT'S INFORMATION

Reference is made to the announcement of the Company dated 24 April 2023, Mr. Gu Quan Rong ("**Mr. Gu**") has informed the Company that he will not stand for re-election at the forthcoming annual general meeting of the Company scheduled to be held on 9 June 2023 (the "**2023 AGM**") and will retire as a Non-Executive Director with effect from the conclusion of the 2023 AGM, due to his intention to devote more time to his other personal commitments and pursuits.

Reference is made to the announcement of the Company dated 9 June 2023, Mr. Zhao Guoqiang has not been serving as an alternate director to Mr. Gu since Mr. Gu has retired as an non-executive Director with effect from the conclusion of the AGM on 9 June 2023.

Save as disclosed above, the Directors confirmed that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER INFORMATION

Corporate Governance Practices

The Company is committed to the maintenance of 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**"). During the six months ended 30 June 2023, the Group has complied with the CG Code except for the following:

a. Pursuant to C.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer (the "**CEO**") should be separate and should not be performed by the same individual and the division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. At all times during the period under review, Mr. Zhao Guoqiang is the CEO of the Company. The position of Chairman is vacated and the Board intends to identify suitable candidate to fill the vacancy.

b. Code provision B.2.4(b) of the CG Code provides that all the independent non-executive Directors have served more than nine years on the Board, the Company should appoint a new independent non-executive Director on the Board. No Directors have served as the independent non-executive Directors for more than nine years up to the date of this announcement.

c. According to C.2.2 of the CG Code, the Chairman of the Board should attend the AGM. The position of Chairman is vacated and the Board intends to identify suitable candidate to fill the vacancy.

d. Pursuant to B.2.2 of the CG Code, 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. For the period under review, Mr. Gu Quan Rong, an Non-executive Director expressed his intention not to re-elect as director at the forthcoming AGM and officially retired his position with effect from the conclusion of the AGM dated 9 June 2023. Other than that, 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. The management experience, expertise and commitment of the re-electing directors will be considered by the nomination committee of the Company before their re-election proposals are put forward to Shareholders. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices regarding directors' appointment are no less exacting than those in the CG Code.

e. According to A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend the Company's AGM. Views expressed by shareholders at AGM held on 9 June 2023 recorded and circulated for discussion by all directors regardless of attendance. The Company will plan its dates of meetings in advance to facilitate directors' attendance.

f. With respect to Code Provision D.2.5 of the CG Code, an issuer should have an internal audit function and issuers without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report. Due to the nature, size and scale of operations and as a matter of cost-control measures, the Group did not have internal audit function during the Reporting Period. However, the Company will carry out review on the adequacy and effectiveness of the risk management and internal control systems of the Group to assess the effectiveness of the risk management and internal control systems.

g. With respect to Code Provision D.1.2 of the CG Code, management should provide all members of the board with monthly updates giving a balanced and understandable assessment to the issuer's performance, position and prospectus in sufficient detail to enable the board as a whole and each director to discharge the duties under Rule 3.08 and Chapter 13 of the Main Board Listing Rule. The information provided may include background or explanatory information relating to matters to be brought before the board, copies of disclosure documents, budgets, forecasts and monthly and other relevant internal financial statements such as monthly management accounts and management updates. For budgets, any material variance between the projections and actual results should also be disclosed and explained. Due to the nature, size and scale of operations and as a matter of cost-control measures, the Group did not have monthly updates to the board during the Reporting Period. However, the management will carry out the periodic at least quarterly and report immediately for any urgent issues updates to the board.

h. With respect to revised Main Board Listing Rule 13.92, the nomination committee (or the board) shall have a policy concerning diversity of board members, and shall disclose the policy on diversity or a summary of the policy in the corporate governance report. Board diversity differs according to the circumstances of each issuer. While diversity of board members can be achieved through consideration of a number of factors (including but not limited to gender, age, cultural and educational background, or professional experience), the Exchange will not consider diversity to be achieved for a single gender board. As a transitional arrangement, issuers with a single gender board will have to appoint at least a director of a different gender on the board no later than 31 December 2024. During the Reporting Period, all the existing male Directors note the new requirement of the Main Board Listing Rule to include a Director of different gender to the Board by no later than 31 December 2024. The Company will find a suitable female candidate and nominate her to the nomination committee and the Board for consideration of the appointment of a female Director by no later than 31 December 2024. The Company will make an announcement as and when there is any progress.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 existing directors have confirmed following specific enquiry by the Company that they have complied with the required standard set out in the Model Code throughout 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 2023 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 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 the six months ended 30 June 2023 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, 31 August 2023

As at the date of this announcement, the Board comprises Mr. Zhao Guoqiang (Chief Executive Officer) as an executive Director; and Mr. Zhang Zhenming, Mr. Cheng Chun Ying and Mr. Lee Man Tai as independent non-executive Directors.