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(Incorporated in the Cayman Islands with limited liability)

(Stock code: 228)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 2024 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	2024	2023	Increase/ (decrease)%
Revenue (HK\$'000)	<b>165,807</b>	168,281	(1.5)%
EBITDA <sup>(1)</sup> (HK\$'000)	<b>102,569</b>	112,859	(9.1)%
Profit attributable to Owners of the Company (HK\$'000)	<b>33,621</b>	35,141	(4.3)%
Earnings per share			
– Basic (HK cents)	<b>0.35</b>	0.37	(2.0)%
– Diluted (HK cents)	<b>0.29</b>	0.30	(3.3)%

Note 1: EBITDA represents the EBITDA of the Company and its subsidiaries. EBITDA, which is a non-Hong Kong Financial Reporting Standards (“**HKFRS**”) financial measure used to measure the Group’s operating profitability, is defined as the earnings before net interest and other finance costs, taxation, impairment and/or reversal of impairment, fair value change in financial assets, depreciation and amortisation.

\* For identification purposes only

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Unaudited	
		six months ended 30 June	
		2024	2023
	Notes	HK\$'000	HK\$'000
<b>REVENUE</b>	3	<b>165,807</b>	168,281
Direct cost		(29,766)	(21,609)
Other income	4	2,016	1,043
Selling and distributing expenses		(14,306)	(14,587)
Staff costs		(9,404)	(8,299)
Expenses related to short-term leases		(1,944)	(2,089)
Depreciation of right-of-use assets		(3,152)	(4,775)
Depreciation of property, plant and equipment		(17,880)	(18,506)
Amortisation of intangible assets	12	(12,677)	(13,277)
Fair value loss of financial assets at fair value through profit or loss		(3,496)	(5,995)
Gain on disposal of financial assets at fair value through profit or loss		863	–
(Provision)/reversal of impairment of property, plant and equipment	10	(860)	479
(Provision)/reversal of impairment of intangible assets	12	(3,310)	1,836
Expense charged under Petroleum Contract		(4,080)	(4,761)
Other operating expenses		(5,754)	(5,120)
Finance costs	5	(20,124)	(26,567)
<b>PROFIT BEFORE INCOME TAX</b>	6	<b>41,933</b>	46,054
Income tax charge	7	(9,022)	(11,560)
<b>PROFIT FOR THE PERIOD</b>		<b>32,911</b>	34,494
<b>OTHER COMPREHENSIVE LOSS AFTER TAX:</b>			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations attributable to:			
Owners of the Company		(33,354)	(79,759)
Non-controlling interests		(217)	(566)
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD</b>		<b>(660)</b>	(45,831)

		<b>Unaudited</b>	
		<b>six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
<i>Notes</i>		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>			
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>33,621</b>	35,141
Non-controlling interests		<b>(710)</b>	(647)
		<u><b>32,911</b></u>	<u>34,494</u>
<b>TOTAL COMPREHENSIVE INCOME/ (LOSS) ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>267</b>	(44,618)
Non-controlling interests		<b>(927)</b>	(1,213)
		<u><b>(660)</b></u>	<u>(45,831)</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
– Basic ( <i>HK cents</i> )	9(a)	<u><b>0.35</b></u>	<u>0.37</u>
– Diluted ( <i>HK cents</i> )	9(b)	<u><b>0.29</b></u>	<u>0.30</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	10	1,080,308	1,116,277
Right-of-use assets		4,579	5,723
Exploration and evaluation assets	11	251	256
Intangible assets	12	1,061,825	1,097,996
Deferred tax assets		–	321
		<hr/>	<hr/>
Total non-current assets		2,146,963	2,367,579
		<hr/>	<hr/>
<b>Current assets</b>			
Account receivables	13	85,519	49,650
Financial assets at fair value through profit or loss		18,961	27,251
Other receivables, deposits and prepayments		23,568	23,743
Cash and bank balances		42,770	45,203
		<hr/>	<hr/>
Total current assets		170,818	145,847
		<hr/>	<hr/>
<b>Total assets</b>		<b>2,317,781</b>	<b>2,366,420</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Current liabilities</b>			
Other payables and accruals	14	122,541	125,041
Lease liabilities		1,608	2,182
Amount due to a shareholder	15	33,086	33,835
Other borrowings	16	87,980	143,640
		<hr/>	<hr/>
Total current liabilities		245,215	304,698
		<hr/>	<hr/>
<b>Net current liabilities</b>		<b>(74,397)</b>	<b>(158,851)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Total assets less current liabilities</b>		<b>2,072,566</b>	<b>2,061,722</b>
		<hr/> <hr/>	<hr/> <hr/>

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current liabilities</b>			
Lease liabilities		<b>1,366</b>	894
Other borrowings	16	<b>205,640</b>	209,520
Convertible notes	17	<b>43,118</b>	119,452
Deferred tax liabilities		<b>8,622</b>	–
		<hr/>	<hr/>
Total non-current liabilities		<b>258,746</b>	329,866
		<hr/>	<hr/>
<b>Net assets</b>		<b>1,813,820</b>	1,731,856
		<hr/> <hr/>	<hr/> <hr/>
<b>Equity attributable to</b>			
Share capital	18	<b>608,267</b>	475,267
Reserves		<b>1,196,489</b>	1,246,598
		<hr/>	<hr/>
Owners of the Company		<b>1,804,756</b>	1,721,865
Non-controlling interests		<b>9,064</b>	9,991
		<hr/>	<hr/>
<b>Total equity</b>		<b>1,813,820</b>	1,731,856
		<hr/> <hr/>	<hr/> <hr/>

# 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 D2 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 2023 (“**2023 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 2023.

The Interim Financial Statements were approved and authorised for issue by the Board on 28 August 2024.

### 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 2024, the current liabilities of the Group exceeded its current assets by approximately HK\$74,397,000 (As at 31 December 2023: approximately HK\$158,851,000). 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 2024 are mainly attributable to property, plant and equipment payables amounting to approximately HK\$75,046,000 and other borrowings in the amount of approximately HK\$87,980,000. 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 2024. 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 2024.

**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 2024. 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 2024 and 2023 are as follows:

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

	Exploration, Production and Distribution of Natural Gas <i>HK\$'000</i>	Sales of Food and Beverages Business <i>HK\$'000</i>	Money Lending Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the six months ended 30 June 2024</b>				
<b>(unaudited)</b>				
Revenue from external customers	165,807	-	-	165,807
Reportable segment profit/(loss) before income tax	54,909	(96)	(93)	54,720
Segment results included:				
Interest income	179	-	-	179
Interest expense	(13,831)	-	-	(13,831)
Amortisation of intangible assets	(12,677)	-	-	(12,677)
Depreciation of property, plant and equipment	(17,101)	-	-	(17,101)
Depreciation of right-of-use assets	(3,152)	-	-	(3,152)
Provision of impairment of property, plant and equipment	(860)	-	-	(860)
Provision of impairment of intangible assets	(3,310)	-	-	(3,310)
<b>As at 30 June 2024 (unaudited)</b>				
Reportable segment assets	2,237,305	171	16	2,237,492
Reportable segment liabilities	(427,592)	-	-	(427,592)
	Exploration, Production and Distribution of Natural Gas <i>HK\$'000</i>	Sales of Food and Beverages Business <i>HK\$'000</i>	Money Lending Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the six months ended 30 June 2023</b>				
<b>(unaudited)</b>				
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
<b>As at 31 December 2023 (audited)</b>				
Reportable segment assets	2,275,938	183	17	2,276,138
Reportable segment liabilities	(480,150)	(2)	-	(480,152)



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

	<b>Unaudited</b>	
	<b>six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit before income tax</b>		
Reportable segment profit before income tax	<b>54,719</b>	62,160
Other income	<b>15</b>	109
Fair value loss of financial assets at fair value through profit or loss	<b>(3,496)</b>	(5,995)
Gain on disposal of financial assets at fair value through profit or loss	<b>863</b>	–
Finance costs	<b>(6,292)</b>	(5,832)
Unallocated head office and corporate expenses	<b>(3,876)</b>	(4,388)
Profit before income tax	<b>41,933</b>	46,054
	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Assets</b>		
Reportable segment assets	<b>2,237,492</b>	2,276,138
Property, plant and equipment	<b>50,194</b>	50,973
Other receivables, deposits and prepayments	<b>557</b>	980
Financial assets at fair value through profit or loss	<b>18,961</b>	27,251
Cash and bank balances	<b>10,577</b>	11,078
Total assets	<b>2,317,781</b>	2,366,420
	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Liabilities</b>		
Reportable segment liabilities	<b>427,592</b>	480,152
Convertible notes	<b>43,118</b>	119,452
Amount due to a shareholder	<b>33,086</b>	33,835
Other payables and accruals	<b>165</b>	1,125
Total liabilities	<b>503,961</b>	634,564

(c) Disaggregation of revenue from contracts with customers:

	Unaudited six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
<b>Geographical markets</b>		
The PRC	<u>165,807</u>	<u>168,281</u>
Total	<u><u>165,807</u></u>	<u><u>168,281</u></u>
<b>Major product/service</b>		
Natural gas	<u>165,807</u>	<u>168,281</u>
Total	<u><u>165,807</u></u>	<u><u>168,281</u></u>
<b>Timing of revenue recognition</b>		
At a point of time	<u>165,807</u>	<u>168,281</u>
Total	<u><u>165,807</u></u>	<u><u>168,281</u></u>

4. OTHER INCOME

	Unaudited six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interest income	194	690
Others	<u>1,822</u>	<u>353</u>
	<u><u>2,016</u></u>	<u><u>1,043</u></u>

5. FINANCE COSTS

	Unaudited six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interest expense on other borrowings	13,703	20,418
Interest expense on lease liabilities	129	318
Interest expense on liability component of convertible notes ( <i>Note 17</i> )	<u>6,292</u>	<u>5,831</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	<u><u>20,124</u></u>	<u><u>26,567</u></u>

## 6. PROFIT BEFORE INCOME TAX

**Unaudited**  
**six months ended 30 June**  
**2024**                      **2023**  
**HK\$'000**                      **HK\$'000**

The Group's profit before income tax is stated after charging/(crediting):

Depreciation of right-of-use assets	<b>3,152</b>	4,775
Depreciation of property, plant and equipment	<b>17,880</b>	18,506
Amortisation of intangible assets	<b>12,677</b>	13,277
Fair value loss of financial assets at fair value through profit or loss	<b>3,496</b>	5,995
Gain on disposal of financial assets at fair value through profit or loss	<b>(863)</b>	–
Provision/(reversal) of impairment of property, plant and equipment	<b>860</b>	(479)
Provision/(reversal) of impairment of intangible assets	<b>3,310</b>	(1,836)
Exchange gains, net	–	(4)
Staff costs (including directors' remuneration)		
– Wages and salaries and other benefits	<b>9,372</b>	8,267
– Pension fund contributions	<b>32</b>	32
	<b><u>          </u></b>	<b><u>          </u></b>

## 7. INCOME TAX CHARGE

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

**Unaudited**  
**six months ended 30 June**  
**2024**                      **2023**  
**HK\$'000**                      **HK\$'000**

Current tax	–	–
Deferred tax charge	<b>9,022</b>	11,560
	<b><u>          </u></b>	<b><u>          </u></b>
Total tax expenses for the period	<b><u>9,022</u></b>	<b><u>11,560</u></b>

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 2024 (six months ended 30 June 2023: 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.

	<b>Unaudited</b>	
	<b>six months ended 30 June</b>	
	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to owners of the Company	<u><b>33,621</b></u>	<u>35,141</u>
	<b>Number of Shares</b>	
Weighted average number of ordinary shares in issue	<u><b>9,593,520,796</b></u>	<u>9,505,344,000</u>
	<i>HK Cents</i>	
Basic earnings per share	<u><b>0.35</b></u>	<u>0.37</u>

### (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 2024 is based on the following data:

	<b>Unaudited</b>	
	<b>six months ended 30 June</b>	
	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to owners of the Company	<u><b>33,621</b></u>	<u>35,141</u>
Adjustments for interest on convertible notes	<u><b>6,291</b></u>	<u>5,831</u>
Profit attributable to owners of the Company for diluted earnings per share	<u><b>39,912</b></u>	<u>40,972</u>
	<i>Number of shares</i>	
Weighted average number of ordinary shares in issue	<u><b>9,593,520,796</b></u>	<u>9,505,344,000</u>
Effect of dilutive potential ordinary shares on convertible notes	<u><b>3,957,477,966</b></u>	<u>4,045,654,761</u>
	<u><b>13,550,998,762</b></u>	<u>13,550,998,761</u>
	<i>HK Cents</i>	
Diluted earnings per share	<u><b>0.29</b></u>	<u>0.30</u>

## **10. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2024, the Group did not purchase any property, plant and equipment (six months ended 30 June 2023: Nil).

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. Provision of impairment of approximately HK\$860,000 was recognised for the six months ended 30 June 2024 (six months ended 30 June 2023: Reversal of impairment of approximately HK\$479,000) as the carrying amount of the related cash-generating unit ("CGU") for the Kashi Project exceeds the 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 2024 (six months ended 30 June 2023: 16.8%).

## **11. EXPLORATION AND EVALUATION ASSETS**

During the six months ended 30 June 2024, the Group did not purchase any exploration and evaluation assets (six months ended 30 June 2023: Nil).

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 2024 (six months ended 30 June 2023: 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 2024 (six months ended 30 June 2023: 16.8%).

## **12. INTANGIBLE ASSETS**

As at 30 June 2024, 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 2024, amortisation of approximately HK\$12,677,000 (six months ended 30 June 2023: approximately HK\$13,277,000) 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 2024 (six months ended 30 June 2023: Nil). Provision of impairment of intangible assets of approximately HK\$3,310,000 (six months ended 30 June 2023: approximately HK\$1,836,000) was recognised during the six months ended 30 June 2024 as the carrying amount of the related cash-generating unit ("CGU") for the Kashi Project exceeds the recoverable 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 2023: 16.8%) for the six months ended 30 June 2024.

### 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 2024 is neither past due nor impaired (31 December 2023: Nil).

The balances of sales of natural gas are non-interest bearing. Account receivables in the amount of approximately HK\$85,519,000 were pledged as security for other borrowings as at 30 June 2024 (31 December 2023: approximately HK\$49,650,000).

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 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Within 3 months	<u>85,519</u>	<u>49,650</u>

### 14. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Property, plant and equipment/exploration and evaluation cost payables (note (a))	75,046	77,256
Other payables and accruals (note (b))	<u>47,495</u>	<u>47,785</u>
	<u>122,541</u>	<u>125,041</u>

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\$12,435,000 (31 December 2023: approximately HK\$9,413,000).

### 15. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, interest-free and repayable upon demand (31 December 2023: same as at 30 June 2024).

## 16. OTHER BORROWINGS

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Secured other borrowings	<u>293,620</u>	<u>353,160</u>

The other borrowings were denominated in RMB, charged at 8.5% per annum, repayable fully in 2 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 2024 (31 December 2023: same pledge as at 30 June 2024).

## 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 HK\$'000	Equity component HK\$'000
As at 31 December 2023 and 1 January 2024 (audited)	119,452	695,828
Less: Conversion into ordinary shares during the period	(82,626)	(457,504)
Interest expenses (unaudited) (Note 5)	<u>6,292</u>	<u>–</u>
<b>As at 30 June 2024 (unaudited)</b>	<b><u>43,118</u></b>	<b><u>238,324</u></b>

Up to 30 June 2024, convertible notes with principal amount of HK\$1,046,210,000 have been converted into ordinary shares of the Company. Convertible notes with principal amount of HK\$446,880,000 have been converted during the six months ended 30 June 2024 (During the year ended 31 December 2023: Nil).

The convertible notes with outstanding principal amount of HK\$232,790,000 and HK\$679,670,000 respectively as at 30 June 2024 and 31 December 2023 have maturity date falling 30 years from the date of issue on 3 January 2011.

## 18. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.05 each		
At 30 June 2024 (unaudited) and 31 December 2023 (audited)	<u>25,000,000,000</u>	<u>1,250,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.05 each		
At 1 January 2023 (audited), 30 June 2023 (unaudited), 31 December 2023 (audited) and 1 January 2024 (audited)	9,505,344,000	475,267
Conversion into ordinary shares during the period	<u>2,660,000,000</u>	<u>133,000</u>
At 30 June 2024 (unaudited)	<u>12,165,344,000</u>	<u>608,267</u>

## 19. RELATED PARTY TRANSACTIONS

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

	Unaudited six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Key management personnel remuneration:		
Directors – short-term employee benefits	530	814
– bonus	<u>685</u>	<u>–</u>
	<u>1,215</u>	<u>814</u>



## 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. As at the date of this interim results announcement, our Group currently has two key projects: (i) Kashi Project, which is an oil and natural gas exploration, development and production project; and (ii) a project primarily engaged in the transportation and sales of natural gas pipelines situated in the 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% equity interest of Karamay Fuhai Petroleum Chemical Engineering Co., Limited\*. This subsidiary in turn owns 51% equity 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 2024, with China’s orderly implementation and consolidation of its macroeconomic policies, the national economy was generally stable with steady growth. In the first half of 2024, China’s gross domestic product grew 5% year-on-year. Market demand for natural gas steadily recovered. The natural gas supply volume for Kashi Project for the six months ended 30 June 2024 was approximately 146.1 MMm<sup>3</sup> which was comparable to approximately 147.0 MMm<sup>3</sup> for the six months ended 30 June 2023. The revenue generated from Karamay Project for the six months ended 30 June 2024 was approximately HK\$7.9 million, which was comparable to approximately HK\$7.1 million for the six months ended 30 June 2023.

The Group’s revenue declined by approximately HK\$2,474,000 or 1.5% period on period to approximately HK\$165,807,000 for the six months ended 30 June 2024, which was due to the above steady external factors, comparable market demand for similar spring season in the first half of 2024 as compared with the same period of 2024 and no further irregular repair and maintenance on the gas processing facilities of Kashi project during the period. The Group recorded profit attributable to owners of the Company of approximately HK\$33,621,000, and total comprehensive profit attributable to owners of the Company of approximately HK\$267,000 for the six months ended 30 June 2024. Profit attributable to owners of the Company decreased by approximately 4.3% period-on-period and total comprehensive loss attributable to owner of the Company decreased by approximately 100.6% period-on-period. The comprehensive profit was adjusted for the impact of the fall of RMB and the appreciation of HKD of approximately HK\$33,354,000 for the six months ended 30 June 2024.

**(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\$165,807,000 (six months ended 30 June 2023: approximately HK\$168,281,000) and recorded segment profit before income tax of approximately HK\$54,909,000 (six months ended 30 June 2023: approximately HK\$62,499,000). Regarding the Kashi Project, the Group’s sharing of natural gas under the Petroleum Contract was approximately 146.1 million cubic meters (“**MMm<sup>3</sup>**”) for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately 147.0 MMm<sup>3</sup>).

**(b) *Sales of Food and Beverages Business***

For the six month ended 30 June 2024, the Group did not record any revenue from the sales of food and beverages business segment (six months ended 30 June 2023: Nil). The segment loss before tax expenses was approximately HK\$96,000 (six months ended 30 June 2023: approximately HK\$246,000). 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 2024, 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 2023: Nil). The segment loss before tax expenses for the six months ended 30 June 2024 was approximately HK\$93,000 (six months ended 30 June 2023: approximately HK\$93,000). Due to uncertainties on slow economic recovery after COVID-19, 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 2024, the Group recorded a revenue in the amount of approximately HK\$165,807,000 (six months ended 30 June 2023: approximately HK\$168,281,000). The Group's revenue was principally derived from the exploration, production and distribution of natural gas segment of approximately HK\$165,807,000 (six months ended 30 June 2023: approximately HK\$168,281,000). During the six months ended 30 June 2024, neither the money lending business segment nor the sales of food and beverages segment contributed any revenue to the Group (six months ended 30 June 2023: both Nil).

During the six months ended 30 June 2024, there was an improvement in the PRC's economy, coupled with similar climate conditions in the first half of 2024 compared to spring 2023, and stable gas production due to no irregular maintenance required at the gas processing facilities under Kashi Project during this period. As a result, production volume experienced a slight decline from approximately 147.0 MMm<sup>3</sup> to about 146.1 MMm<sup>3</sup>. The Group achieved revenue of approximately HK\$165,807,000, representing a slight decrease of approximately HK\$2,474,000, or 1.5% period-on-period. Earnings before net interest and other finance costs, taxation, provision of impairment, fair value change on financial assets, depreciation and amortisation (“**EBITDA**”) decreased from approximately HK\$112,859,000 for the six months ended 30 June 2023 to approximately HK\$102,569,000 for the six months ended 30 June 2024 by approximately HK\$3,647,000 or 3.2%, which was due to the decrease in revenue as mentioned above and an increase in direct cost by approximately HK\$8.2 million or 37.7% due to higher cost of raw materials and production during the period.

Turnaround from reversal of impairment of property, plant and equipment of approximately HK\$479,000 for the six months ended 30 June 2023 to provision of impairment of property, plant and equipment of approximately HK\$860,000 for the six months ended 30 June 2024 along with a reversal of impairment of intangible assets of approximately HK\$1,836,000 for the six months ended 30 June 2023 to provision of impairment of intangible assets of approximately HK\$3,310,000 for the six months ended 30 June 2024 were attributed to a reduction in the difference between the recoverable amount of the cash generating unit (“**CGU**”) of the Kashi Project as at 30 June 2024 and the carrying amount of the CGU of the Kashi Project as at 30 June 2024.

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 generated by the Kashi Project and the pre-tax discount rate of 16.8% for the six months ended 30 June 2024 (six months ended 30 June 2023: 16.8%). The carrying amount of the CGU of the Kashi Project as at 30 June 2024 of approximately HK\$2,083,424,000, which exceeded the recoverable amount of approximately HK\$2,079,254,000 by a small margin to bring out the provision of impairment of intangible assets of approximately HK\$3,310,000 and the provision of impairment of property, plant and equipment of approximately HK\$860,000 respectively.

The impairment assessment as at 30 June 2024 was made by the management of the Company with reference to the assessment made by an independent professional valuer as at 31 December 2023. 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 2024 were the same as those adopted for the assessment as at 31 December 2023.

Profit attributable to owners of the Company decreased by approximately HK\$1,520,000 or 1.3% to approximately HK\$102,569,000 for the six months ended 30 June 2024. The decline was mainly due to a decrease in revenue of approximately HK\$2,474,000, an increase in direct cost of approximately HK\$8,157,000, an increase in provision of impairment of property, plant and equipment of approximately HK\$1,339,000, an increase in provision of impairment of intangible assets of approximately HK\$5,146,000, and being offset by a decrease in fair value loss of financial assets at fair value through profit or loss of approximately HK\$2,499,000, a decrease in selling and distribution expenses of approximately HK\$281,000, a decrease in depreciation of property, plant and equipment of approximately HK\$626,000, a decrease in depreciation of right-of-use assets of approximately HK\$1,623,000, a decrease in amortisation of intangible assets of approximately HK\$600,000, and a decrease in income tax charge of approximately HK\$2,538,000.

A decrease in EBITDA margin by 5.2% period-on-period to 61.9% for the six months ended 30 June 2024 with decrease in net profit margin by 0.6% period-on-period to 20.9% for the six months ended 30 June 2024 was mainly due to increase in provision of impairment of property, plant and equipment of approximately HK\$1,339,000 and increase in provision of impairment of intangible assets of approximately HK\$5,146,000 for the six months ended 30 June 2024.

#### *Exchange differences on translation of foreign operations*

As a result of improvement in depreciation of Renminbi (“**RMB**”) against the Hong Kong Dollars (“**HKD**”) during the six months ended 30 June 2024, positively impacted the exchange differences on translation of foreign operations. During the period, the exchange loss attributable to owners of the Company decreased from approximately HK\$79,759,000 for the six months ended 30 June 2023 to approximately HK\$33,354,000 for the six months ended 30 June 2024. Meanwhile, the exchange differences on translation of foreign operations attributable to Non-controlling interests decreased from exchange loss of approximately HK\$566,000 for the six months ended 30 June 2023 to approximately HK\$217,000 for the six months ended 30 June 2024.

Such exchange difference reflected 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 2024*

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*

	<b>Unaudited</b>	
	<b>six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	<b>165,807</b>	168,281
Direct cost	<b>(29,766)</b>	(21,609)
Other income	<b>2,001</b>	934
Selling and distribution expenses	<b>(14,306)</b>	(14,587)
Operating expenses	<b>(17,896)</b>	(16,423)
Amortisation	<b>(12,677)</b>	(13,277)
Depreciation	<b>(20,253)</b>	(22,400)
(Provision)/reversal of impairment	<b>(4,170)</b>	2,315
Finance cost	<b>(13,831)</b>	(20,735)
	<hr/>	<hr/>
Profit from operations before income tax expenses	<b>54,909</b>	62,499
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>Unaudited</b>	
	<b>six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	<b>HK\$'000</b>
Exploration cost	-	-
	<hr/> <hr/>	<hr/> <hr/>

### *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 2024, 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 2024, the Group did not incur any exploration and evaluation cost (six months ended 30 June 2023: 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 2024 (six months ended 30 June 2023: Nil). The exploration and evaluation assets of approximately HK\$251,000 as at 30 June 2024 were similar to approximately HK\$256,000 as at 31 December 2023.

### *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 2024. Decline of financial assets at fair value through profit or loss by approximately HK\$8,290,000 or 30.4% period-on-period to approximately HK\$18,961,000 as at 30 June 2024 was mainly due to disposal of securities of approximately HK\$4,796,000 during the period and poor stock market sentiment under the slow economic recovery during the six months ended 30 June 2024.

### *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 2024. Decrease in other payables and accruals by approximately HK\$2,500,000 or 20% to approximately HK\$122,541,000 as at 30 June 2024 was mainly due to settlement of payable to contractors of approximately HK\$2,500,000 during the six months ended 30 June 2024.

### *Other borrowings*

Other borrowings mainly represents pledged borrowings which were denominated in RMB repayable fully in 2 years from the drawdown date. Other borrowings amounted to approximately HK\$87,980,000 are repayable before 30 June 2025 whereas other borrowings amounted to approximately HK\$205,640,000 will be repayable within coming 2 years.

## **(4) Financial Review**

### ***Liquidity, Financial Resources and Capital Structure***

As at 30 June 2024, the Group has outstanding secured other borrowings of approximately HK\$293,620,000 (as at 31 December 2023: approximately HK\$464,380,000). The cash and cash equivalents of the Group were approximately HK\$42,770,000 (as at 31 December 2023: approximately HK\$45,203,000). The Group's current ratio (current assets to current liabilities) was approximately 69.7% (as at 31 December 2023: approximately 47.2%). The ratio of total liabilities to total assets of the Group was approximately 21.7% (as at 31 December 2023: approximately 32.1%).

As at 30 June 2024, the convertible notes have an outstanding principal amount of HK\$232,790,000 (31 December 2023: 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 price is HK\$0.168 per share (subject to adjustments) and a maximum number of 1,385,654,762 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 2024, convertible note with the principal amount of HK\$446,880,000 was converted to ordinary shares 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.

As disclosed in the Company's announcement dated 30 September 2021, in the second half of 2021, new production wells commenced operation or construction at the Akemomu Gas Field, including: (1) the commencement of operations of a new well, WD-1, which was originally designed as an exploratory well and was converted 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 and has been in operation since the first quarter of 2022; and (3) the commencement of drilling of a new production well, AK4-1, which is a vertical well and has been in operation since the first quarter of 2022.

The Company's management will continue to follow up with potential lenders and investors with a 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 adopted a cautious approach to manage the operations of the food and beverages segment. The Group will assess the value and performance of this segment periodically, and continue to keep track of the economic environment and review the future allocation of resources as needed.

#### ***Money Lending Business***

The management has taken a prudent approach in money lending business in view of the uncertainties surrounding 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 fluctuations in foreign currency exchange rates and interest rates.

Cash has generally been 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 investments 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 2024, the Group did not have any significant investments held except for the financial assets at fair value through profit or loss of approximately HK\$18,961,000 (as at 31 December 2023: approximately HK\$27,251,000).

## **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 2024.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

## **CHARGE OF ASSETS**

Account receivables of approximately HK\$85,519,000 were pledged as security for other borrowings as at 30 June 2024 (31 December 2023: approximately HK\$49,650,000). 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 2024 (31 December 2023: same pledge as at 30 June 2024).

## **EXCHANGE EXPOSURE**

The Group mainly operates in Hong Kong and PRC, and the exposure in exchange rate risks primarily arises from fluctuations in the HK dollar and Renminbi exchange rates. Exchange rate fluctuations and market trends have always been a concern for the Group. The policy of the Group for its operating entities operates in their corresponding local currencies to minimize currency risks. After reviewing its current exposure, the Group 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 2024, the Group had capital commitments relating to Kashi Project of approximately HK\$1,708,000, of which approximately HK\$871,000 would be borne by CNPC (31 December 2023: capital commitments approximately HK\$54,584,000, of which approximately HK\$9,138,000 would be borne by CNPC), and approximately HK\$111,300,000 (31 December 2023: approximately HK\$116,523,000) relating to capital contributions in a subsidiary of the Group.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 30 June 2024 and 31 December 2023.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 30 June 2024, the Group had a total workforce of 48 (31 December 2023: 43). Staff costs maintained at a competitive level with total staff costs for the six months ended 30 June 2024 amounted to approximately HK\$9,404,000 (six months ended 30 June 2023: approximately HK\$8,299,000). The 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, which expired on 25 June 2023. No share options were granted under the Company's share option scheme during the six months ended 30 June 2024 and 2023.

## **INTERIM DIVIDENDS**

The Board does not recommend the payment of interim dividends for the six months ended 30 June 2024 (six months ended 30 June 2023: 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 30 April 2024, Mr. Zhao Guoqiang resigned as Executive Director, Chief Executive Officer and Authorised Representative, due to his intention to devote more time to his personal commitments. Mr. Liu Dong (“**Mr. Liu**”) was appointed as Executive Director, Chief Executive Officer and Authorised Representative with effect from 30 April 2024. Please refer to the announcement dated 30 April 2024 for the biographical detail of Mr. Liu and his appointment terms and conditions.

Reference is made to the announcement of the Company dated 19 July 2024, the appointments of Chairman, Directors and the Board committee members were made as follows:

- (1) Mr. Liu Wenxuan was appointed as Chairman, Executive Director, a member of the Nomination Committee and the Remuneration Committee.
- (2) Mr. Liu was appointed as a member of the Nomination Committee and the Remuneration Committee.
- (3) Mr. Yan Danhua was appointed as Non-executive Director and a member of the Audit Committee.
- (4) Mr. Chen Jianxin was appointed as Non-executive Director and a member of the Audit Committee.

Please refer to the announcement dated 19 July 2024 for the biographical details of Mr. Liu Wenxuan, Mr. Yan Danhua and Mr. Chen Jianxin and their appointment terms and conditions.

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 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 C1 to the Listing Rules (the “CG Code”) and the applicable Main Board Listing Rules. During the Reporting Period, the Group has complied with the CG Code with the applicable Main Board Listing Rules except for the following:

- (a) In relation to Code Provision 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. During the Reporting Period from 1 January 2024 to 30 April 2024, Mr. Zhao Guoqiang was the CEO of the Company and resigned on 30 April 2024 and Mr. Liu has been taking the position of the CEO since 30 April 2024. Prior to 19 July 2024, the position of chairman of the Board was vacated. Upon 19 July 2024, Mr. Liu Wenxuan was appointed as the chairman of the Board.
- (b) In relation to Code Provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting to answer questions raised up in the meeting. During the Reporting Period, other Directors and members of the audit committee were present at the meeting to answer questions from Shareholders. Mr. Liu Wenxuan was appointed as chairman of the Board on 19 July 2024.
- (c) In relation to Code Provisions B.2.2 of the CG Code, every director including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to article 61(1)(c) of the articles of association of the Company, any Director appointed to fill a casual vacancy or as an additional Director shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at the meeting. During the Reporting Period, all remaining 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.

- (d) CG Code Provision C.1.4 requires that all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. All the Directors have participated in continuous professional development during the six months ended 30 June 2024. Our company secretary also circulated relevant training materials to the Directors from time to time in the Reporting Period.
- (e) In relation to Code Provision C.5.1 of the CG Code, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. In relation to Code Provision D.1.2 of the CG Code, management should provide all members of the board with monthly updates on the issuer's performance, position and prospects, which may include budgets, forecasts, monthly management accounts and material variance between the projections and actual results. During the Reporting Period, although regular Board meetings were held only on half-yearly basis and management accounts were not circulated to Board members on monthly basis but will be on quarterly basis in the coming future, regular updates were given by the management to the Directors on working level meetings from time to time, which the Directors consider to be sufficient and appropriate in the circumstances to enable them to form a balanced and understandable assessment of the Company's performance and to discharge their duties.
- (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 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 C3 to the Listing Rules as its own Code of conduct regarding securities transactions by the directors of the Company. During the six months ended 30 June 2024, all 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**

During the six months period and up to the date of this announcement, members of the Audit Committee included:

Mr. Lee Man Tai (*Chairman of Audit Committee*)

Mr. Cheng Chun Ying

Mr. Zhang Zhenming

Mr. Yan Danhua (*Appointed on 19 July 2024*)

Mr. Chen Jianxin (*Appointed on 19 July 2024*)

As at the date of this announcement, the audit committee comprises two non-executive Directors and three independent non-executive Directors of the Company. Three out of five audit committee members, namely, Mr. Lee Man Tai and Mr. Cheng Chun Ying and Mr. Chen Jianxin, possess recognised professional qualifications in accounting and have experience in audit and accounting. No former partner of the Company's existing auditing firm acted as a member of the audit committee within two years from ceasing to be a partner or having any financial interest in the auditing firm. The audit committee has adopted terms of reference which are in line with the CG Code and are available on the websites of the Stock Exchange and the Company. The Group's unaudited consolidated financial statements for the six months ended 30 June 2024 have been reviewed by the audit committee, which is of the opinion that such statements complied 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 2024 containing all information required by the Listing Rules will be dispatched to Shareholders and made available on the above websites in due course.

## **ACKNOWLEDGEMENT**

On behalf of the Board of Directors, I extend my gratitude to all our staff for their hard work and dedication.

By order of the Board  
**China Energy Development Holdings Limited**  
**Liu Wenxuan**  
*Chairman and Executive Director*

Hong Kong, 28 August 2024

*As at the date of this announcement, the Board comprises Mr. Liu Wenxuan (Chairman of the Board) and Mr. Liu Dong (Chief Executive Officer) as executive Directors; Mr. Yan Danhua and Mr. Chen Jianxin as non-executive Directors; and Mr. Cheng Chun Ying, Mr. Lee Man Tai and Mr. Zhang Zhenming as independent non-executive Directors.*