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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 2025

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 2025 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	2025	2024	Increase/ (decrease)%
Revenue (HK\$'000)	118,833	165,807	(28.3)
EBITDA ⁽¹⁾ (HK\$'000)	65,883	102,569	(35.8)
Profit attributable to Owners of the Company (HK\$'000)	10,823	33,621	(67.8)
Earnings per share			
– Basic (HK cents)	0.09	0.35	(74.3)
– Diluted (HK cents)	0.09	0.29	(69.0)

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 2025

		Unaudited six months ended 30 June	
		2025	2024
	Notes	HK\$'000	HK\$'000
REVENUE	3	118,833	165,807
Direct cost		(25,503)	(29,766)
Other income	4	1,486	2,016
Selling and distributing expenses		(10,564)	(14,306)
Staff costs		(4,547)	(9,404)
Expenses related to short-term leases		(208)	(1,944)
Depreciation of right-of-use assets		(403)	(3,152)
Depreciation of property, plant and equipment		(14,397)	(17,880)
Amortisation of intangible assets	12	(9,506)	(12,677)
Fair value loss of financial assets at fair value through profit or loss		(1,158)	(3,496)
Gain on disposal of financial assets at fair value through profit or loss		–	863
Provision of impairment of property, plant and equipment	10	(2,537)	(860)
Provision of impairment of intangible assets	12	(9,620)	(3,310)
Expense charged under Petroleum Contract		(7,369)	(4,080)
Other operating expenses		(6,245)	(5,754)
Finance costs	5	(11,353)	(20,124)
PROFIT BEFORE INCOME TAX	6	16,909	41,933
Income tax charge	7	(7,117)	(9,022)
PROFIT FOR THE PERIOD		9,792	32,911
OTHER COMPREHENSIVE PROFIT/ (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		51,231	(33,354)
Non-controlling interests		308	(217)
TOTAL COMPREHENSIVE PROFIT/ (LOSS) FOR THE PERIOD		61,331	(660)

Unaudited
six months ended 30 June

	2025	2024
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT/(LOSS) FOR THE PERIOD		
ATTRIBUTABLE TO:		
Owners of the Company	10,823	33,621
Non-controlling interests	(1,031)	(710)
	<u>9,792</u>	<u>32,911</u>
TOTAL COMPREHENSIVE INCOME/		
(LOSS) ATTRIBUTABLE TO:		
Owners of the Company	62,054	267
Non-controlling interests	(723)	(927)
	<u>61,331</u>	<u>(660)</u>
EARNINGS PER SHARE ATTRIBUTABLE		
TO OWNERS OF THE COMPANY		
– Basic (<i>HK cents</i>)	9(a) <u>0.09</u>	<u>0.35</u>
– Diluted (<i>HK cents</i>)	9(b) <u>0.09</u>	<u>0.29</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	10	1,060,777	1,047,432
Right-of-use assets		1,217	1,618
Intangible assets	12	1,051,037	1,040,610
Total non-current assets		2,113,031	2,089,660
Current assets			
Account receivables	13	146,524	116,251
Financial assets at fair value through profit or loss		13,618	14,776
Other receivables, deposits and prepayments		15,140	15,502
Cash and bank balances		57,272	34,346
Total current assets		232,554	180,875
Total assets		2,345,585	2,270,535
Current liabilities			
Other payables and accruals	14	123,792	109,620
Lease liabilities		756	724
Amount due to a shareholder	15	32,689	32,719
Other borrowings	16	251,272	261,808
Total current liabilities		408,509	404,871
Net current liabilities		(175,955)	(223,996)
Total assets less current liabilities		1,937,076	1,865,664

		Unaudited	Audited
		30 June	31 December
		2025	2024
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		610	996
Convertible notes	17	47,923	45,463
Deferred tax liabilities		36,829	28,822
		<hr/>	<hr/>
Total non-current liabilities		85,362	75,281
		<hr/>	<hr/>
Net assets		1,851,714	1,790,383
		<hr/>	<hr/>
Equity attributable to			
Share capital	18	608,267	608,267
Reserves		1,235,138	1,173,084
		<hr/>	<hr/>
Owners of the Company		1,843,405	1,781,351
Non-controlling interests		8,309	9,032
		<hr/>	<hr/>
Total equity		1,851,714	1,790,383
		<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 2024 (“**2024 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 2024.

The Interim Financial Statements were approved and authorised for issue by the Board on 28 August 2025.

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 2025, the current liabilities of the Group exceeded its current assets by approximately HK\$175,955,000 (As at 31 December 2024: approximately HK\$223,996,000). 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 2025 are mainly attributable to property, plant and equipment payables amounting to approximately HK\$71,591,000 (31 December 2024: approximately HK\$66,181,000) and other borrowings in the amount of approximately HK\$251,272,000 (31 December 2024: approximately HK\$261,808,000). 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 raise adequate funding through bank borrowings or otherwise; and (iv) 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 2025. 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 2025.

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 2025. 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 2025 and 2024 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>
For the six months ended 30 June 2025				
(unaudited)				
Revenue from external customers	118,833	–	–	118,833
Reportable segment profit/(loss) before income tax	25,745	(2)	(36)	25,707
Segment results included:				
Interest income	15	–	–	15
Interest expense	(8,893)	–	–	(8,893)
Amortisation of intangible assets	(9,506)	–	–	(9,506)
Depreciation of property, plant and equipment	(13,620)	–	–	(13,620)
Depreciation of right-of-use assets	(403)	–	–	(403)
Provision of impairment of property, plant and equipment	(2,537)	–	–	(2,537)
Provision of impairment of intangible assets	(9,620)	–	–	(9,620)
As at 30 June 2025 (unaudited)				
Reportable segment assets	2,279,606	166	14	2,279,786
Reportable segment liabilities	(405,665)	–	–	(405,665)
	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>
For the six months ended 30 June 2024				
(unaudited)				
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)
As at 30 June 2024 (unaudited)				
Reportable segment assets	2,237,305	171	16	2,237,492
Reportable segment liabilities	(427,592)	–	–	(427,592)

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

	Unaudited	
	six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Profit before income tax		
Reportable segment profit before income tax	25,707	54,719
Other income	5	15
Fair value loss of financial assets at fair value through profit or loss	(1,158)	(3,496)
Gain on disposal of financial assets at fair value through profit or loss	–	863
Finance costs	(2,460)	(6,292)
Unallocated head office and corporate expenses	(5,185)	(3,876)
Profit before income tax	16,909	41,933
	Unaudited	Audited
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
Assets		
Reportable segment assets	2,279,786	2,205,130
Property, plant and equipment	43,850	44,626
Other receivables, deposits and prepayments	604	1,096
Financial assets at fair value through profit or loss	13,618	14,776
Cash and bank balances	7,727	4,907
Total assets	2,345,585	2,270,535
	Unaudited	Audited
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
Liabilities		
Reportable segment liabilities	405,665	401,307
Convertible notes	47,923	45,463
Amount due to a shareholder	32,689	32,719
Other payables and accruals	164	663
Other borrowings	7,430	–
Total liabilities	493,871	480,152

(c) Disaggregation of revenue from contracts with customers:

	Unaudited six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Geographical markets		
The PRC	118,833	165,807
Total	<u>118,833</u>	<u>165,807</u>
Major product/service		
Natural gas	118,833	165,807
Total	<u>118,833</u>	<u>165,807</u>
Timing of revenue recognition		
At a point of time	118,833	165,807
Total	<u>118,833</u>	<u>165,807</u>

4. OTHER INCOME

	Unaudited six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Interest income	17	194
Others	1,469	1,822
	<u>1,486</u>	<u>2,016</u>

5. FINANCE COSTS

	Unaudited six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Interest expense on other borrowings	8,826	13,703
Interest expense on lease liabilities	67	129
Interest expense on liability component of convertible notes (Note 17)	2,460	6,292
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>11,353</u>	<u>20,124</u>

6. PROFIT BEFORE INCOME TAX

Unaudited
six months ended 30 June
2025 2024
HK\$'000 **HK\$'000**

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

Depreciation of right-of-use assets	403	3,152
Depreciation of property, plant and equipment	14,397	17,880
Amortisation of intangible assets	9,506	12,677
Fair value loss of financial assets at fair value through profit or loss	1,158	3,496
Gain on disposal of financial assets at fair value through profit or loss	–	(863)
Provision of impairment of property, plant and equipment	2,537	860
Provision of impairment of intangible assets	9,620	3,310
Exchange gains, net	(3)	–
Staff costs (including Directors' remuneration)		
– Wages and salaries and other benefits	4,501	9,372
– Pension fund contributions	46	32
	<u> </u>	<u> </u>

7. INCOME TAX CHARGE

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

Unaudited
six months ended 30 June
2025 2024
HK\$'000 **HK\$'000**

Current tax	–	–
Deferred tax charge	7,117	9,022
	<u> </u>	<u> </u>
Total tax expenses for the period	<u>7,117</u>	<u>9,022</u>

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 2025 (six months ended 30 June 2024: 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	
	2025 HK\$'000	2024 HK\$'000
Profit attributable to owners of the Company	<u>10,823</u>	<u>33,621</u>
	<i>Number of Shares</i>	
Weighted average number of ordinary shares in issue	<u>12,165,344,000</u>	<u>9,593,520,796</u>
	<i>HK Cents</i>	
Basic earnings per share	<u>0.09</u>	<u>0.35</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:

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

For the six months ended 30 June 2025, diluted earnings per share is the same as basic earnings per share as the potential ordinary shares on convertible notes are anti-dilutive.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group purchased property, plant and equipment of approximately HK\$1,823,000 (six months ended 30 June 2024: 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\$2,357,000 was recognised for the six months ended 30 June 2025 (six months ended 30 June 2024: Provision of impairment of approximately HK\$860,000) 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 15.8% for the six months ended 30 June 2025 (six months ended 30 June 2024: 16.8%).

11. EXPLORATION AND EVALUATION ASSETS

During the six months ended 30 June 2025, the Group did not purchase any exploration and evaluation assets (six months ended 30 June 2024: 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 provision/ (reversal) of impairment was recognised for the six months ended 30 June 2025 (six months ended 30 June 2024: 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 15.8% for the six months ended 30 June 2025 (six months ended 30 June 2024: 16.8%).

12. INTANGIBLE ASSETS

As at 30 June 2025, 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 2025, amortisation of approximately HK\$9,506,000 (six months ended 30 June 2024: approximately HK\$12,677,000) was provided and is amortised under unit of production method.

Provision of impairment loss of intangible assets of approximately HK\$9,620,000 was recognised during the six months ended 30 June 2025 (six months ended 30 June 2024: approximately HK\$3,310,000) was recognised during the six months ended 30 June 2025 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 15.8% (six months ended 30 June 2024: 16.8%) for the six months ended 30 June 2025.

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 2025 are neither past due nor impaired (31 December 2024: Nil).

The balances of sales of natural gas are non-interest bearing. Account receivables in the amount of approximately HK\$145,420,000 were pledged as security for other borrowings as at 30 June 2025 (31 December 2024: approximately HK\$85,519,000).

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 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Within 3 months	146,524	116,251

14. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Property, plant and equipment/exploration and evaluation cost payables (<i>note (a)</i>)	71,591	66,181
Other payables and accruals (<i>note (b)</i>)	52,201	43,439
	123,792	109,620

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\$13,620,000 (31 December 2024: approximately HK\$11,678,000).

15. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, interest-free and repayable upon demand (31 December 2024: same as at 30 June 2025).

16. OTHER BORROWINGS

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Secured other borrowings	123,120	203,700
Unsecured other borrowings	128,152	58,108
	<u>251,272</u>	<u>261,808</u>

The secured other borrowings were denominated in RMB, charged at 8.5% per annum, repayable within 1 year 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 2025 (31 December 2024: same pledge as at 30 June 2025). Up to 18 July 2025, the outstanding secured other borrowing were fully settled and the security for the secured other borrowings was released officially on 24 July 2025.

The unsecured other borrowings were denominated in both HK\$ and RMB, charged at 5 % per annum, repayable within a year. The unsecured other borrowings were unpledged (31 December 2024: same as at 30 June 2025).

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 2024 and 1 January 2025	45,463	238,324
Interest expenses (unaudited) (Note 5)	2,460	–
As at 30 June 2025	<u>47,923</u>	<u>238,324</u>

Up to 30 June 2025, convertible notes with principal amount of HK\$1,046,210,000 have been converted into ordinary shares of the Company. No convertible notes have been converted during the six months ended 30 June 2025 (During the year ended 31 December 2024: convertible notes with principal amount of HK\$446,880,000 were converted into a total of 2,660,000,000 ordinary shares of HK\$0.05 each in the share capital and share premium of HK\$407,129,000 was recognised in the Company. Upon the completion of the conversion, the Company released convertible notes reserve of HK\$457,504,000).

The convertible notes with outstanding principal amount of HK\$232,790,000 as at 30 June 2025 (31 December 2024: HK\$232,790,000) have maturity date falling 30 years from the date of issue on 3 January 2011.

18. SHARE CAPITAL

	<i>Number of shares</i>	<i>Amount HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.05 each		
At 30 June 2025 and 31 December 2024	25,000,000,000	1,250,000
	2025	
Issued and fully paid:		
Ordinary shares of HK\$0.05 each		
At 1 January	12,165,344,000	608,267
At 30 June	12,165,344,000	608,267
	2024	
Issued and fully paid:		
Ordinary shares of HK\$0.05 each		
At 1 January	9,505,344,000	475,267
Issue of share upon conversion of convertible notes	2,660,000,000	133,000
At 31 December	12,165,344,000	608,267

19. RELATED PARTY TRANSACTIONS

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

	Unaudited six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Key management personnel remuneration:		
Directors – short-term employee benefits	–	530
– bonus	–	685
	–	1,215

20. EVENTS AFTER THE REPORTING PERIOD

Proposed Capital Reorganisation

On 14 August 2025, the Company proposed to implement the following capital reorganisation (the “**Capital Reorganisation**”) involving (i) the proposed consolidation (the “**Share Consolidation**”) of every forty (40) Shares of par value of HK\$0.05 each into one (1) consolidated share of par value of HK\$2.00 each (the “**Consolidated Share**”) in the share capital of the Company; (ii) the proposed reduction of the issued share capital of the Company by reducing the par value of each Consolidated Share from HK\$2.00 to HK\$0.05 by cancelling the paid-up share capital to the extent of HK\$1.95 on each issued Consolidated Share; and (iii) the proposed subdivision of authorised but unissued Shares of par value of HK\$2.00 each into forty (40) adjusted shares (the “**Adjusted Shares**”) of par value of HK\$0.05 each.

Proposed Amendments to Memorandum and Articles

Subject to the Capital Reorganisation taking effect, the Company proposed to amend the Memorandum and the Articles (the “**Amendments**”) concurrently with the effectiveness of the Capital Reorganisation.

Proposed Rights Issue

At the same time, the Company proposed, subject to the Capital Reorganisation becoming effective, to conduct the rights issue on the basis of one (1) Rights Share for every two (2) Adjusted Shares held by the qualifying shareholders as at the record date at the subscription price of HK\$1.57 per rights share, to raise up to approximately HK\$238.7 million before expenses by way of issuing up to 152,066,800 rights shares (the “**Rights Issue**”).

Details of the Capital Reorganisation, the Amendments and the Rights Issue are disclosed in the Company’s announcement dated 14 August 2025. The Capital Reorganisation, the Amendments and the Rights Issue have not been effective as at the date of this announcement.

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

2024 was a year full of challenges and so was the first half of 2025. Lack of momentum for economic recovery in the PRC posed challenges to the domestic business environment. The domestic economic situation has been continuing to deteriorate in 2025. The PRC’s economy is stagnant even after the COVID-19 pandemic tapered off. Market demand for natural gas was similar to the last year’s situation, but the market demand for the natural gas pipeline transportation and sales was relatively volatile for the six months 30 June 2025.

(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 six months ended 30 June 2025, this segment contributed revenue of approximately HK\$118,833,000 (six months ended 30 June 2024: approximately HK\$165,807,000) and recorded segment profit before income tax of approximately HK\$25,746,000 (six months ended 30 June 2024: approximately HK\$54,909,000). Regarding the Kashi Project, the Group’s sharing of natural gas under the Petroleum Contract was approximately 180.2 million cubic meters (“**MMm³**”) for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately 239.3 MMm³).

(b) Sales of Food and Beverages Business

For the six month ended 30 June 2025, the Group did not record any revenue from the sales of food and beverages business segment (six months ended 30 June 2024: Nil). The segment loss before tax expenses was approximately HK\$2,000 (six months ended 30 June 2024: approximately HK\$96,000). 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 2025, 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 2024: Nil). The segment loss before tax expenses for the six months ended 30 June 2025 was approximately HK\$36,000 (six months ended 30 June 2024: approximately HK\$93,000). Due to uncertainties on recent slow economic recovery, 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 2025, the Group recorded a revenue in the amount of approximately HK\$118,833,000 (six months ended 30 June 2024: approximately HK\$165,807,000). The Group's revenue was principally derived from the exploration, production and distribution of natural gas segment of approximately HK\$118,833,000 (six months ended 30 June 2024: approximately HK\$165,807,000). During the six months ended 30 June 2025, 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 2024: both Nil).

The Group's revenue declined by approximately HK\$47.0 million or 28.3% period on period to approximately HK\$118.8 million for the six months ended 30 June 2025, which was mainly due to problems incurred in certain gas fields such as the reason of flooding for the Kashi Project during the six months ended 30 June 2025.

The revenue generated from Karamay Project declined significantly by approximately HK\$6.0 million to approximately HK\$1.9 million for the six months ended 30 June 2025 when compared with the same period last year because the demand for the natural gas pipeline transportation and sales decreased for the six months ended 30 June 2025.

Earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) decreased from approximately HK\$102.6 million for the six months ended 30 June 2024 to approximately HK\$65.9 million for the six months ended 30 June 2025 which was in line with the decrease in revenue by approximately HK\$47.0 million or 28.3% period-on-period.

Provision for impairment of property, plant and equipment of approximately HK\$860,000 for the six months ended 30 June 2024 increased to provision for impairment of property, plant and equipment of approximately HK\$2,537,000 whereas provision for impairment of intangible assets of approximately HK\$3,310,000 for the six months ended 30 June 2024 increased to provision for impairment of intangible assets of approximately HK\$9,620,000 for the six months ended 30 June 2025. This was the result of widen up the difference between the recoverable amount of the cash generating unit (“**CGU**”) of the Kashi Project as at 30 June 2025 and the carrying amount of the CGU of the Kashi Project as at 30 June 2025.

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 15.8% for the six months ended 30 June 2025 (six months ended 30 June 2024: 16.8%). The carrying amount of the CGU of the Kashi Project as at 30 June 2025 of approximately HK\$1,916,689,000, which exceeded the recoverable amount of approximately HK\$1,905,327,000 by a margin to bring out the provision of impairment of intangible assets of approximately HK\$9,620,000 and the provision of impairment of property, plant and equipment of approximately HK\$2,537,000 respectively.

The impairment assessment as at 30 June 2025 was made by the management of the Company with reference to the assessment made by an independent professional valuer as at 31 December 2024. 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 2025 were the same as those adopted for the assessment as at 31 December 2024.

Profit attributable to owners of the Company decreased by approximately HK\$22,798,000 or 67.8% to approximately HK\$10,823,000 for the six months ended 30 June 2025. The decline was mainly due to a decrease in revenue of approximately HK\$46,974,000, an increase in provision of impairment of property, plant and equipment of approximately HK\$1,677,000, an increase in provision of impairment of intangible assets of approximately HK\$6,310,000, and being offset by a decrease in fair value loss of financial assets at fair value through profit or loss of approximately HK\$2,338,000, a decrease in selling and distribution expenses of approximately HK\$3,742,000, a decrease in depreciation of property, plant and equipment of approximately HK\$3,483,000, a decrease in depreciation of right-of-use assets of approximately HK\$2,749,000, a decrease in amortisation of intangible assets of approximately HK\$3,171,000, and a decrease in income tax charge of approximately HK\$1,905,000.

A decrease in EBITDA margin by 6.5% period-on-period to 55.4% for the six months ended 30 June 2025 with decrease in net profit margin by 11.2% period-on-period to 9.1% for the six months ended 30 June 2025 was mainly due to increase in provision of impairment of property, plant and equipment of approximately HK\$1,677,000 and increase in provision of impairment of intangible assets of approximately HK\$6,310,000 for the six months ended 30 June 2025.

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 2025, positively impacted the exchange differences on translation of foreign operations. During the period, the exchange loss attributable to owners of the Company turned around from exchange loss of approximately HK\$33,354,000 for the six months ended 30 June 2024 to exchange gain of approximately HK\$51,231,000 for the six months ended 30 June 2025. Meanwhile, the exchange differences on translation of foreign operations attributable to non-controlling interests turned around from exchange loss of approximately HK\$217,000 for the six months ended 30 June 2024 to exchange gain approximately HK\$308,000 for the six months ended 30 June 2025.

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 2025

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	
	2025	2024
	HK\$'000	HK\$'000
Revenue	118,833	165,807
Direct cost	(25,503)	(29,766)
Other income	1,481	2,001
Selling and distribution expenses	(10,564)	(14,306)
Operating expenses	(13,923)	(17,896)
Amortisation	(9,506)	(12,677)
Depreciation	(14,023)	(20,253)
Provision of impairment	(12,157)	(4,170)
Finance cost	(8,893)	(13,831)
	<hr/>	<hr/>
Profit from operations before income tax expenses	25,745	54,909
	<hr/> <hr/>	<hr/> <hr/>

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

	Unaudited	
	six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Exploration cost	—	—
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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 2025, 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 2025, the Group did not incur any exploration and evaluation cost (six months ended 30 June 2024: 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 2025 (six months ended 30 June 2024: Nil).

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 2025. Decline of financial assets at fair value through profit or loss by approximately HK\$1,158,000 or 7.8% period-on-period to approximately HK\$13,618,000 as at 30 June 2025 was mainly due to poor stock market sentiment under the slow economic recovery during the six months ended 30 June 2025.

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 2025. Increase in other payables and accruals by approximately HK\$14,172,000 or 12.9% to approximately HK\$123,792,000 as at 30 June 2025 was mainly due to higher payable to contractors during the six months ended 30 June 2025.

Other borrowings

Other borrowings mainly represents pledged borrowings of approximately HK\$123,120,000 (30 June 2024: HK\$203,760,000) repayable in 1 year from the drawdown date and unsecured other borrowings of approximately HK\$128,152,000 (30 June 2024: approximately HK\$58,108,000). Those other borrowings amounted to approximately HK\$251,272,000 are repayable before 30 June 2026.

Up to 18 July 2025 the outstanding secured other borrowings were fully settled.

(4) Financial Review

Liquidity, Financial Resources and Capital Structure

As at 30 June 2025, the Group has outstanding secured and unsecured other borrowings of approximately HK\$123,120,000 and HK\$128,152,000 respectively (as at 31 December 2024: approximately HK\$203,760,000 and HK\$58,108,000 respectively). The cash and cash equivalents of the Group were approximately HK\$57,272,000 (as at 31 December 2024: approximately HK\$34,346,000). The Group's current ratio (current assets to current liabilities) was approximately 56.9% (as at 31 December 2024: approximately 44.7%). The ratio of total liabilities to total assets of the Group was approximately 21.1% (as at 31 December 2024: approximately 21.1%).

As at 30 June 2025, the convertible notes have an outstanding principal amount of HK\$232,790,000 (31 December 2024: HK\$232,790,000). 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 2025, convertible note with the principal amount of HK\$232,790,000 was converted to ordinary shares of the Company.

(5) Prospects

Exploration, Production and Distribution of Natural Gas

As a key transitional energy source for the transformation of the global energy structure, natural gas is continuously promoting new breakthrough under the guidance of the national energy security and low-carbon strategy in oil and gas exploration and development as well as increasing reserves and production. Details and key milestones of the Kashi Project were disclosed in the Company's circular dated 3 December 2010. In conclusion, the ODP covers an exploration period, a development period and a production period of up to six years (which has been extended by CNPC according to the supplementary agreement). The exploration work of the Kashi North project is being carried out in an orderly manner, and the development plan of the Akemomu gas field is also being optimised and adjusted. A two ways approach is taken to promote the increase in reserves and production of the Kashi North project.

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.

As disclosed in the Company's announcement dated 14 August 2025, upon successful completion of the capital reorganisation and the Rights Issue, the Company will intend to use the net proceeds raised from the Rights Issue to further operate and develop the facilities as described on "REASONS FOR THE RIGHT ISSUE".

The Company is taking the remedial actions for the problems incurred on the production of natural gas such as the reason of flooding in the North Kashi Gas Field and monitors closely on the progress. The Company also coordinates with CNPC, the Chinese Partner, for any possible ways to improve the operations and drive up our sales revenue as far as possible.

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 2025, the Group did not have any significant investments held except for the financial assets at fair value through profit or loss of approximately HK\$13,618,000 (as at 31 December 2024: approximately HK\$14,776,000).

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 2025.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2025, 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\$146,524,000 were pledged as security for other borrowings as at 30 June 2025 (31 December 2024: approximately HK\$116,251,000). 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 2025 (31 December 2024: same pledge as at 30 June 2025).

As the outstanding secured other borrowings were fully settled up to 18 July 2025, the security for the secured other borrowings was released officially on 24 July 2025.

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 2025, the Group had capital commitments relating to Kashi Project of approximately HK\$418,000, of which approximately HK\$213,000 would be borne by CNPC (31 December 2024: capital commitments approximately HK\$470,000, of which approximately HK\$240,000 would be borne by CNPC), and approximately HK\$111,228,000 (31 December 2024: approximately HK\$110,198,000) relating to capital contributions in a subsidiary of the Group.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2025 and 31 December 2024.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2025, the Group had a total workforce of 50 (31 December 2024: 54). Staff costs maintained at a competitive level with total staff costs for the six months ended 30 June 2025 amounted to approximately HK\$4,547,000 (six months ended 30 June 2024: approximately HK\$9,404,000). 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 2025 and 2024 respectively.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

SUBSEQUENT EVENT

Save as disclosed in note 20, there were no important events after the Reporting Period and up to the date of this announcement.

CHANGE OF DIRECTORS' AND SENIOR MANAGEMENT'S INFORMATION

During the period under review and up to the date hereof, the following changes in Directors' information are disclosed pursuant to Rule 13.51B of the Listing Rules:

Mr. Liu Wenxuan, our Chairman of the Board and an executive Director of the Company, was appointed as Assistant General Manager by Xinjiang Xintai Natural Gas Co., Ltd., as Chairman of the Board by Xinjiang Mingxin Oil Gas Exploration Development Co., Ltd. and as Chairman of the Board by China Era Energy Power Investment (Hong Kong) Limited since July 2024.

From June 2021 to November 2024, Mr. Lee Man Tai, our independent non-executive Director, was an independent non-executive Director of Yunhong Guixin Group Holdings Limited (stock code: 8349), which is listed on the Stock Exchange.

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.

The Group deviates from this Code Provision because the positions of executive Director and CEO of the Group were held by Mr. Zhao, who took up the roles since a very substantial acquisition in December 2009 and has extensive experience in the industry. The Board believes that Mr. Zhao provided the Group with strong and consistent leadership that allowed for effective and efficient planning and implementation of business decisions and strategies. The Board also considers that the structure of vesting the roles of chairman and chief executive officer in the same person would not impair the balance of power and authority between the Board and the management of the Group. The Board shall review this structure from time to time to ensure appropriate and timely action to meet changing circumstances.

- (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. On 19 July 2024, Mr. Liu Wenxuan was appointed as chairman of the Board.

- (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) 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.
- (e) 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.

- (f) 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. During the Reporting Period, the Board has appointed Ms. Chin Ying Ying as an independent non-executive Director with effect from 20 December 2024.

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 2025, 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*)
Ms. Chin Ying Ying
Mr. Zhang Zhenming
Mr. Yan Danhua
Mr. Chen Jianxin

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 Ms. Chin Ying 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 2025 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 2025 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 2025

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. Lee Man Tai, Mr. Zhang Zhenming and Ms. Chin Ying Ying as independent non-executive Directors.