THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Energy Development Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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CHINA ENERGY DEVELOPMENT HOLDINGS LIMITED
中國能源開發控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 228)

(1) PROPOSED CAPITAL REORGANISATION; (2) PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES; AND (3) NOTICE OF EGM

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 8 to 18 of this circular.

Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked

This circular is prepared in both Chinese and English. In case of any discrepancies between the Chinese and English versions, the English version shall prevail.

* *For identification purposes only*

29 August 2025

CONTENTS

Page

DEFINITIONS 1

EXPECTED TIMETABLE OF CAPITAL REORGANISATION 5

LETTER FROM THE BOARD 8

NOTICE OF EGM 19

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Adjusted Share(s)"	the ordinary share(s) of par value of HK$0.05 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
"Amendments"	the proposed amendments to the Memorandum and the Articles following the Capital Reorganisation
"Announcement"	the announcement of the Company dated 14 August 2025 in relation to the Capital Reorganisation, Amendments and Rights Issue
"Articles"	the amended and restated articles of association of the Company, as amended from time to time
"Board"	the board of Directors
"Business Day"	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"Capital Reduction"	the proposed reduction of the issued share capital of the Company by reducing the par value of each Existing 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 Existing Share
"Capital Reorganisation"	the proposed Share Consolidation, Capital Reduction and Share Subdivision
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time

"Companies Act"	the Companies Act (as revised) of the Cayman Islands, as amended, modified and supplemented from time to time
"Company"	China Energy Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange with stock code: 228
"Consolidated Shares(s)"	the ordinary share(s) of par value of HK$2.00 each in the share capital of the Company immediately after the Share Consolidation but prior to the Capital Reduction and Share Subdivision
"Convertible Bonds"	Convertible bonds in the principal amount of HK$232,790,000 due in 2041 not carrying any interest with right to convert into 1,385,654,762 Existing Shares at a convertible price of HK$0.168 per Existing Share
"Court"	the Grand Court of the Cayman Islands
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the resolutions in relation to the Capital Reorganisation and the Amendments, which is expected to be held at Conference Room, Office J, 29/F Plaza 88, No. 88 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong on Friday, 19 September 2025 and any adjournment thereof
"Existing Share(s)"	the ordinary share(s) of HK$0.05 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
"Extreme Condition(s)"	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
"General Rules of CCASS"	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	26 August 2025, being the latest practicable date prior to printing of this circular for ascertaining certain information contained in this circular
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Memorandum"	the amended and restated memorandum of association of the Company, as amended from time to time
"Record Date"	Tuesday, 18 November 2025 or such other date as the Company may determine, for the determination of the entitlements under the Rights Issue
"Registrar"	the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
"Rights Issue"	the issue of Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every two (2) Adjusted Shares held on the Record Date payable in full on acceptance
"Rights Share(s)"	152,066,800 Adjusted Shares to be allotted and issued pursuant to the Rights Issue (assuming no change in the number of Shares in issue from the Latest Practicable Date to the Record Date other than the Capital Reorganisation)
"SFC"	the Securities and Futures Commission
"Share(s)"	the Existing Share(s), Consolidated Share(s) and/or Adjusted Share(s) as the case may be

"Share Consolidation"	the proposed consolidation of every forty (40) Existing Shares of par value of HK$0.05 each into one (1) Consolidated Share of par value of HK$2.00 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the share(s) in the share capital of the Company
"Share Subdivision"	the proposed subdivision of authorised but unissued Shares of par value of HK$2.00 each into forty (40) Adjusted Shares of par value of HK$0.05 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$1.57 per Rights Share
"%"	per cent

The expected timetable for the implementation of the Capital Reorganisation is as follows:

Event	**Date and time (Hong Kong time) 2025**
Latest time for lodging transfers of Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Friday, 12 September
Closure of register of members of the Company to determine entitlement to attend and vote at the EGM	Monday, 15 September to Friday, 19 September
Latest time for lodging proxy forms for the EGM	2:00 p.m. on Wednesday, 17 September
Record date for determining attendance and voting at the EGM	Friday, 19 September
Date and time of the EGM	2:00 p.m. on Friday, 19 September
Announcement of poll results of the EGM	Friday, 19 September
Re-opening of the register of members of the Company	Monday, 22 September

The following events are conditional on the fulfillment of the conditions for the implementation of the Capital Reorganisation, which are included in the Announcement:

Expected effective date of the Capital Reorganisation	Monday, 3 November
Commencement of dealings in the Adjusted Shares	9:00 a.m. on Monday, 3 November
Original counter for trading in Existing Shares in board lot of 2,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Monday, 3 November
Temporary counter for trading in the Adjusted Shares in board lot of 50 Adjusted Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 3 November

Event	Date and time (Hong Kong time) 2025
First day for free exchange of existing share certificates for the Existing Shares into new share certificates for the Adjusted Shares	Monday, 3 November
Last day of dealings in Adjusted Shares on a cum-rights basis	Friday, 7 November
First day of dealings in the Adjusted Shares on an ex-rights basis	Monday, 10 November
Latest time for lodging transfer of Adjusted Shares to qualify for the Rights Issue	4:30 p.m. on Tuesday, 11 November
Closure of register of members of the Company to determine entitlement to the Rights Issue (both days inclusive)	Wednesday, 12 November to Tuesday, 18 November
Original counter for trading in the Adjusted Shares in board lot of 2,000 Adjusted Shares (in the form of new share certificates) re-opens	9:00 a.m. on Monday, 17 November
Parallel trading in the Adjusted Shares (in the form of both existing share certificates in board lots of 50 Adjusted Shares and new share certificates in board lots of 2,000 Adjusted Shares) commences	9:00 a.m. on Monday, 17 November
Designated broker starts to stand in the market to provide matching services for odd lot of the Adjusted Shares	9:00 a.m. on Monday, 17 November
Record Date for determining entitlements to the Rights Issue	Tuesday, 18 November
Register of members of the Company re-opens	Wednesday, 19 November
Despatch of Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only)	Wednesday, 19 November
First day of dealing in Nil-Paid Rights in board lot of 2,000 Adjusted Shares	9:00 a.m. on Friday, 21 November

Event	Date and time (Hong Kong time) 2025
Latest time for splitting of the PAL	4:30 p.m. on Tuesday, 25 November
Last day of dealing in Nil-Paid Rights in board lot of 2,000 Adjusted Shares	Friday, 28 November
Latest Time for Acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:30 p.m. on Wednesday, 3 December
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares	4:00 p.m. on Friday, 5 December
Temporary counter for trading in the Adjusted Shares in board lot of 50 Adjusted Shares (in the form of existing share certificates) ends	4:10 p.m. on Friday, 5 December
Parallel trading in the Adjusted Shares (in the form of both existing share certificates in board lots of 50 Adjusted Shares and new share certificates in board lots of 2,000 Adjusted Shares) ends	4:10 p.m. on Friday, 5 December
Last day for free exchange of existing share certificates for the Existing Shares into new share certificates for the Adjusted Shares	Tuesday, 9 December
Announcement of results of the Rights Issue	Wednesday, 10 December
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any, in respect of wholly or partially unsuccessful application for excess Rights Shares	Thursday, 11 December
Expected first day of dealings in fully-paid Rights Shares	9:00 a.m. on Friday, 12 December

All times and dates stated in this circular refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

CHINA ENERGY DEVELOPMENT HOLDINGS LIMITED
中國能源開發控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 228)

Executive Directors:
Mr. Liu Wenxuan *(Chairman of the Board)*
Mr. Liu Dong *(Chief Executive Officer)*

Non-executive Directors:
Mr. Yan Danhua
Mr. Chen Jianxin

Independent Non-executive Directors:
Mr. Zhang Zhenming
Mr. Lee Man Tai
Ms. Chin Ying Ying

Registered Office:
Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Office J, 29/F, Plaza 88
No. 88 Yeung Uk Road
Tsuen Wan
New Territories, Hong Kong

29 August 2025

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED CAPITAL REORGANISATION; (2) PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES; AND (3) NOTICE OF EGM

INTRODUCTION

Reference is made to the Announcement in relation to the Capital Reorganisation, the Amendments and the Rights Issue. Referring to the Announcement, the Company proposed to implement the Capital Reorganisation, the Amendments and the Rights Issue on the basis of one (1) Rights Share for every two (2) Adjusted Shares held on the Record Date. As disclosed in the Announcement, the Rights Issue is not conditional upon approval by the Shareholders but is subject to, among other things, the Capital Reorganisation having become effective.

The purpose of this circular is to provide you with, among other things, (i) further details of the Capital Reorganisation and the Amendments; and (ii) the notice of EGM.

* *For identification purposes only*

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation, Capital Reduction and Share Subdivision as follows:

(i) Share Consolidation

Immediately before the Capital Reduction becoming effective, every forty (40) issued and unissued Existing Shares of par value of HK$0.05 each will be consolidated into one (1) Consolidated Share of par value of HK$2.00 each;

(ii) Capital Reduction

The issued share capital of the Company will be reduced by cancelling the paid-up share capital of the Company to the extent of HK$1.95 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK$2.00 to HK$0.05. The credit arising from the Capital Reduction in the amount of approximately HK$593.1 million will be transferred to a contributed surplus account of the Company and the contributed surplus account will be applied by the Directors for such purposes permitted under the Companies Act and the Articles; and

(iii) Share Subdivision

Immediately following the Capital Reduction becoming effective, each of the authorised but unissued Consolidated Shares of par value of HK$2.00 each in the authorised share capital of the Company will be subdivided into forty (40) authorised but unissued Adjusted Shares of par value of HK$0.05 each. Forthwith the Share Subdivision becoming effective, the authorised share capital of the Company be changed to HK$1,250,000,000 by the creation of such number of additional Adjusted Shares as shall be sufficient to increase the authorized share capital of the Company into HK$1,250,000,000 divided into 25,000,000,000 shares of a par value of HK$0.05 each.

Effect of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is HK$1,250,000,000 divided into 25,000,000,000 Existing Shares of par value of HK$0.05 each, of which 12,165,344,000 Existing Shares have been issued and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective but before the completion of the Capital Reduction and Rights Issue and assuming no change in the number of Shares in issue from the Latest Practicable Date to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK$1,250,000,000 divided into 625,000,000 Consolidated Shares of HK$2.00 each, of which 304,133,600 Consolidated Shares (which are fully paid or credited as fully-paid) will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other. No fractional Consolidated Shares will be issued by the Company. Any fractional entitlements of the Consolidated Shares will be aggregated and sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Immediately upon the Capital Reduction becoming effective and assuming no further Shares will be issued or repurchased from the Latest Practicable Date up to and including the date of which the Capital Reorganisation shall become effective, the par value of all the issued Consolidated Shares shall be reduced from HK$2.00 each to HK$0.05 each by cancelling the paid-up share capital to the extent of HK$1.95 per Consolidated Share in issue.

Upon the Share Subdivision becoming effective, each of the authorised but unissued Consolidated Shares of par value of HK$2.00 each will be subdivided into forty (40) authorised but unissued Adjusted Shares of par value of HK$0.05 each.

The Adjusted Shares will rank *pari passu* in all respects with each other and shall have the rights and privileges and be subject to the restrictions in accordance with the Articles. The issued share capital will be reduced to HK$15,206,608 divided into 304,133,600 Adjusted Shares of par value of HK$0.05 each.

Based on the 12,165,344,000 Existing Shares in issue as at the Latest Practicable Date, a credit of approximately HK$593,060,520 will arise from the Capital Reduction, which will be transferred to a contributed surplus account of the Company and the contributed surplus account will be applied by the Directors for such purposes permitted under the Companies Act and the Articles.

Other than the relevant expenses incurred and to be incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company.

The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date until the effective date of the Capital Reorganisation, the share capital structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Share Consolidation but prior to the Capital Reduction and the Share Subdivision becoming effective; and (iii) immediately after the implementation of the Capital Reorganisation is summarised below:

	As at the Latest Practicable Date	**Immediately after completion of the Share Consolidation but prior to the Capital Reduction**	**Immediately after the implementation of the Capital Reorganisation**
Amount of authorised share capital	HK$1,250,000,000	HK$1,250,000,000	HK$1,250,000,000
Par value	HK$0.05	HK$2.00	HK$0.05
Number of authorised shares	25,000,000,000	625,000,000	25,000,000,000
Number of issued shares	12,165,344,000	304,133,600	304,133,600
Issued and fully paid-up or credited as fully paid-up share capital	HK$608,267,200	HK$608,267,200	HK$15,206,680

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

(i) the passing of the necessary resolution(s) by the Shareholders approving the Capital Reorganisation at the EGM;

(ii) the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation being effective;

(iii) the compliance with the relevant procedures and requirements under the Listing Rules and the Companies Act to effect the Capital Reorganisation;

(iv) an order being made by the Court confirming the Capital Reduction;

(v) compliance with any condition which the Court may impose in relation to the Capital Reduction;

(vi) registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minutes approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction; and

(vii) all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation having been obtained.

The Capital Reorganisation will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reorganisation at the EGM, the legal advisers to the Company (as to the Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction (if applicable) and a further announcement will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed (if applicable). For the avoidance of doubt, the Share Consolidation is subject to the Capital Reduction, and the Share Consolidation will not take effect until and after the Capital Reduction is confirmed by the Court.

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Application for listing and dealings

Application will be made to the Listing Committee for the granting of the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the Existing Shares or any debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the Adjusted Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Status of the Adjusted Shares

The Adjusted Shares will be identical and rank *pari passu* in all respects with each other. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS.

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, the Shareholders may, on or after Monday, 3 November 2025 until Tuesday, 9 December 2025 (both days inclusive), submit share certificates for the Existing Shares to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Adjusted Shares.

The Shareholders should note that after the prescribed time for free exchange of share certificates for the Existing Shares, a fee of HK$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) will be payable by the Shareholders to the Registrar for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Adjusted Shares, whichever the number of certificates cancelled/issued is higher.

Subject to and upon the Capital Reorganisation becoming effective, after 4:10 p.m. on Monday, 5 December 2025, trading will only be in the Adjusted Shares. The share certificates for the Existing Shares will cease to be good for delivery, trading, settlement and registration purposes but will remain valid and effective as documents of title.

The new share certificates for Adjusted Shares will be issued in blue colour in order to distinguish them from the existing share certificates in red colour.

No change in board lot size

As at the Latest Practicable Date, the Existing Shares are traded on the Stock Exchange in board lots of 2,000 Existing Shares. Upon the Capital Reorganisation becoming effective, the Adjusted Shares will continue to be traded in the board lot size of 2,000 Adjusted Shares.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Adjusted Shares arising from the Capital Reorganisation, a designated broker, uSmart Securities Limited, an independent third party, has been appointed by the Company to provide matching services, on a best effort basis, to those Shareholders, who wish to acquire or dispose of odd lots of the Adjusted Shares at the relevant market price per Share. Holders of the Adjusted Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Adjusted Shares or to top up their odd lots to a full board lot, may directly or through their brokers, contact Mr. Sam Chan of uSmart Securities Limited at Unit 2606, 26/F, 308 Des Voeux Road Central, Hong Kong (telephone number: (852) 3018-4526 during office hours (i.e. 9:00 a.m. to 12:00 noon and 1:00 p.m. to 4:00 p.m.) for the period from Monday, 17 November 2025 to Friday, 5 December 2025 (both days inclusive).

Holders of odd lots of the Adjusted Shares should note that the matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE BONDS

As at the Latest Practicable Date, the Company has outstanding Convertible Bonds which are convertible into 1,385,654,762 Existing Shares at the conversion price of HK$0.168 per Existing Share (subject to adjustment mechanism in accordance with the terms and conditions of the Convertible Bonds).

Pursuant to the terms and conditions of the Convertible Bonds, the Capital Reorganisation and Rights Issue may lead to adjustments to the conversion prices of the Convertible Bonds. The Company will notify the holder of the Convertible Bonds and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Convertible Bonds and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save as disclosed above, as at the Latest Practicable Date, the Company does not have any other share options, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares, Consolidated Shares or Adjusted Shares.

REASONS FOR THE CAPITAL REORGANISATION

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK$0.01 or HK$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. The "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated in September 2024 (the "**Guide**") has further stated that (i) market price of the shares at a level less than HK$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK$2,000.

As at the Latest Practicable Date, the closing price of the Existing Share is HK$0.05 per Existing Share, with a board lot size of 2,000 Shares, the existing board lot value is only HK$100, which is less than HK$2,000. In view of the recent market price of the Existing Shares, the Directors resolved to propose the Share Consolidation with the view to complying with the trading requirements under the Listing Rules. In view of the recent trading prices of the Existing Shares at the level of below HK$0.10 and board lot value of below HK$2,000 over the past six months (based on the closing price per Share as quoted on the Stock Exchange), the Board proposes to implement the Share Consolidation in order to reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation would bring about a corresponding upward adjustment in the market price of the Consolidated Shares which would enable the Company to comply with the trading requirements under the Listing Rules.

Furthermore, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade. The Board considers that the Share Consolidation would maintain the trading amount for each board lot at a reasonable level which will increase the attractiveness of investing the Consolidated Shares from a broader range of institutional and professional investors and thus would help to further broaden the shareholder base of the Company and improve the value of the Consolidated Shares in the long run.

In the meanwhile, the Company has considered different alternative ratios for the Share Consolidation. Taking into account (i) the recent fluctuation in the trading price of the Shares, (ii) that the Company targeted to adjust the trading price of the Shares to above HK$1 which would facilitate future fund-raising activities; (iii) the negative impact arising from the creation of odd lots; (iv) the dilution effect of its potential equity fundraisings and/or corporate actions in the coming 12 months, including the Rights Issue; and (v) the Guide as mentioned above, the Company considered the current Share Consolidation ratio to be appropriate and in line with the guideline. If the ratio of the share consolidation is set to a lower ratio, such as 10 to 1 and/ or 20 to 1, the value per board lot of Shares will remain under or around $2,000 based on the Subscription Price of the Rights Issue. If the ratio of the share consolidation is set to a higher ratio, it may create more fractional Consolidated Shares, which will be disregarded and will not be issued to the Shareholders but will be aggregated and, if possible, sold for the benefit of the Company. Therefore, the Company considered to adopt the consolidation ratio of 40 to 1 is in compliance with all the applicable Listing Rules and in line with the Guide, and minimises the impact of fractional Consolidated Shares on the Shareholders.

As at the Latest Practicable Date, other than the proposed Rights Issue, the Company does not have plans regarding any other fundraising/corporate actions in the coming 12 months.

In view of the above reasons, the Company considers the Share Consolidation (including the ratio of Share Consolidation) is justifiable notwithstanding the potential costs and negative impact arising from the creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Upon the Share Consolidation becoming effective but before implementation of the Capital Reduction, the par value of the Existing Shares will be consolidated from HK$0.05 into HK$2.00 per Consolidated Share. Pursuant to the Companies Act, the Company may not issue Shares at a discount to the par value of such Shares. As the Subscription Price, which was determined with reference to the prevailing market price of the Existing Shares and at a discount to the recent closing prices of the Existing Shares with a view to encouraging the Shareholders to participate in the potential growth of the Company, is below the par value of each Consolidated Share, the Company is not permitted to issue the Rights Shares under the Companies Act until and unless the par value of each Consolidated Share is reduced pursuant to the Capital Reorganisation. In order to facilitate possible fund raising activities including the

Rights Issue in the future, it is necessary to implement the Capital Reorganisation to lower the par value of the Shares, giving greater flexibility to the Company to issue new Shares in the future.

Further, the credit in the contributed surplus account arising from the Capital Reorganisation will enable the Company to reduce its accumulated losses. As such, the Board proposes to implement the Capital Reorganisation.

In view of the above, the Board considers that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, save as disclosed in this circular, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities which will involve issue of equity securities of the Company; and (ii) has no other plan or intention to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation.

PROPOSED AMENDMENT TO MEMORANDUM AND ARTICLES

Subject to the Capital Reorganisation taking effect, clause 8 of the Memorandum shall be deleted and replace with the following:

"The share capital of the Company is HK$1,250,000,000 divided into 25,000,000,000 shares of a nominal or par value of HK$0.05 each, with power for the Company insofar as is permitted by law to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Act (Revised) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether stated to be preference or otherwise shall be subject to the powers hereinbefore contained.",

and article 3(1) of the Articles shall be deleted and replaced with the following:

"The share capital of the Company shall be divided into shares of a par value of $0.05 each."

The Company's legal advisers as to Hong Kong laws and the Cayman Islands laws have confirmed that the Amendments conform with the requirements of the Listing Rules, where applicable, and the applicable laws of Hong Kong and the Cayman Islands, respectively.

The Board is of the view that the Amendments are in the interests of the Company and the Shareholders as a whole.

The Amendments shall be subject to the passing of the special resolution by the Shareholders at the EGM.

PROPOSED RIGHTS ISSUE

Subject to the Capital Reorganisation becoming effective, the Company will 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 approximately HK$238.7 million before expenses by way of issuing up to 152,066,800 Rights Shares.

EGM

The Company will convene and hold the EGM at Conference Room, Office J, 29/F Plaza 88, No. 88 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong on Friday, 19 September 2025 at 2:00 p.m. to consider and, if thought fit, approve the Capital Reorganisation and the Amendments. A notice convening the EGM is set out on page 19 to page 22 of this circular. The proposed resolutions will be conducted by way of poll at the EGM pursuant to Rule 13.39(4) of the Listing Rules and an announcement on the results of the EGM will be made by the Company after the EGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders or their respective associates had any interest in the Capital Reorganisation or the Amendments. Accordingly, no Shareholder is required to abstain from voting in favour of the resolutions relating to the Capital Reorganisation or the Amendments at the EGM.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

CLOSURE OF REGISTER OF MEMBERS

The record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be on Friday, 19 September 2025. The register of members of the Company will be closed from Monday, 15 September 2025 to Friday, 19 September 2025, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the entitlement to attend and vote at the EGM, all Share transfers accompanied by the relevant share certificates, must be lodged with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 2:00 p.m. on Wednesday, 17 September 2025.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Board considers that the Capital Reorganisation and the Amendments are in the interests of the Company and the Shareholders as a whole and therefore recommends the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

Yours faithfully
By order of the Board
China Energy Development Holdings Limited
Liu Wenxuan
Chairman of the Board & Executive Director

CHINA ENERGY DEVELOPMENT HOLDINGS LIMITED
中國能源開發控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 228)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of China Energy Development Holdings Limited (the "**Company**") will be held at 2:00 p.m. on Friday, 19 September 2025 at Conference Room, Office J, 29/F Plaza 88, No. 88 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions which will be proposed as special resolutions of the Company. Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 29 August 2025 (the "**Circular**"):

SPECIAL RESOLUTIONS

1. "**THAT** subject to and conditional upon (i) an order being made by the Court confirming the Capital Reduction (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation; (iii) compliance with any conditions which the Court may impose in relation to the Capital Reduction; (v) registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction; and (vi) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Capital Reorganisation, with effect from the date on which these conditions are fulfilled:

   (a) immediately before the Capital Reduction becoming effective, every forty (40) issued and unissued Existing Shares of par value HK$0.05 each in the share capital of the Company be consolidated into one (1) Consolidated Share of par value HK$2.00 each in the share capital of the Company;

   (b) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the Board may think fit;

(c) immediately following the Share Consolidation, the par value of each issued Consolidated Share of HK$2.00 each in the share capital of the Company be reduced to HK$0.05 by cancelling the paid up capital to the extent of HK$1.95 on each of the then issued Consolidated Shares;

(d) immediately following the Capital Reduction becoming effective, each of the authorised but unissued Consolidated Share (including those authorised but unissued Consolidated Shares arising from the Capital Reduction) be subdivided into forty (40) authorised but unissued Adjusted Shares of par value of HK$0.05 each;

(e) the credit arising from the Capital Reduction be transferred to a contributed surplus account of the Company and the contributed surplus account will be applied by the Directors for such purposes permitted under the Companies Act and the Articles;

(f) each of the Adjusted Shares arising from the Capital Reduction and the Share Subdivision shall rank *pari passu* in all respects with each other and each shall have rights and privileges and be subject to the restrictions as contained in the Articles;

(g) immediately following the Capital Reorganisation, the authorised share capital of the Company be changed to HK$1,250,000,000 by the creation of such number of additional Adjusted Shares as shall be sufficient to increase the authorized share capital of the Company into HK$1,250,000,000 divided into 25,000,000,000 shares of a par value of HK$0.05 each; and

(h) any one or more Directors be and are hereby authorised to do all such acts and things and execute (under hand or as a deed and, where appropriate, under the common seal of the Company) all such documents, which are ancillary to the Capital Reorganisation, on behalf of the Company, as they may, in their absolute discretion, consider necessary or expedient to give effect to, implement and complete the Capital Reorganisation."

2. "**THAT** subject to the Capital Reorganisation becoming effective, the currently effective Memorandum and Articles be and are hereby amended as follows and any one of the directors or the company secretary of the Company be hereby authorised to do all such acts and things and execute and deliver all such documents, deeds or instruments (including affixing the common seal of the Company thereon) and take all such steps as he or she may in his or her sole opinion and absolute discretion consider necessary, appropriate or desirable to implement or give effect to the following amendments, including without limitation, attending to any necessary filings in Cayman Islands and Hong Kong:

   (a) Clause 8 of the Memorandum be deleted in its entirety and replaced with the following:

   "The share capital of the Company is HK$1,250,000,000 divided into 25,000,000,000 shares of a nominal or par value of HK$0.05 each, with power for the Company insofar as is permitted by law to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Act (Revised) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether stated to be preference or otherwise shall be subject to the powers hereinbefore contained.",

   (b) Article 3(1) of the Articles be deleted in its entirety and replaced with the following:

   "The share capital of the Company shall be divided into shares of a par value of $0.05 each."

Yours faithfully
By order of the Board
China Energy Development Holdings Limited
Liu Wenxuan
Chairman of the Board & Executive Director

Hong Kong, 29 August 2025

Notes:

(1) A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he is the holder of more than one share, more proxies to attend and, vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.

(2) In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holders, seniority being determined by the order in which names stand in the register of members of the Company.

(3) Completion and return of the form of proxy will not preclude members from attending and voting in person at the annual general meeting or any adjournment and in such event, the instrument appointing a proxy shall be deemed to be revoked.

(4) The record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be on Friday, 19 September 2025. The register of members of the Company will be closed from Monday, 15 September 2025 to Friday, 19 September, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the entitlement to attend and vote at the EGM, all Share transfers accompanied by the relevant share certificates, must be lodged with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 September 2025.

(5) If a tropical cyclone warning signal number 8 or above is hoisted, or "extreme conditions" caused by super typhoons or a black rainstorm warning is/are in effect any time after 8:00 a.m. on the date of the EGM, the EGM will not be held on that date but will be postponed to a later date. If the EGM is postponed, the Company will post an announcement on the websites of the Company and the Stock Exchange to notify Shareholders of the date, time and venue of the rescheduled meeting.

(6) Any voting at the EGM shall be taken by poll.

As at the date of this notice, the board of Directors of the Company 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. Zhang Zhenming, Mr. Lee Man Tai and Ms. Chin Ying Ying as independent non-executive Directors.