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(Incorporated in the Cayman Islands with limited liability)

(Stock code: 228)

SUPPLEMENTAL ANNOUNCEMENT ON THE 2019 ANNUAL REPORT

Reference is made to the announcement (the “**Results Announcement**”) of China Energy Development Holdings Limited (the “**Company**”) dated 30 March 2020 in relation to the annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2019 (“**FY2019**”) and the annual report of the Company for FY2019 (the “**Annual Report**”). Unless the context otherwise requires, capitalized terms in this announcement shall have the same meanings as defined in the Results Announcement and the Annual Report.

As disclosed on page 1 of the Results Announcement and page 56 of the Annual Report, the other operating expenses of the Group for FY2019 amounted to HK\$35.89 million. The Company would like to provide additional information on the breakdown of these other operating expenses.

The other operating expenses of the Group for FY2019 comprise: (i) service charges, staff salaries, training and miscellaneous expenses entitled to be charged by CNPC under the Petroleum Contract in the amount of approximately HK\$10.96 million; (ii) consultancy fees of oil and gas technical experts related to the preparation of the Overall Development Plan (the “**ODP**”) of the Kashi Project in the amount of approximately HK\$4.12 million; (iii) legal, audit and professional fees of approximately HK\$4.48 million; (iv) local taxes of approximately HK\$3.44 million; (v) repair and maintenance expenses of approximately HK\$2.61 million; (vi) reimbursement of staff traveling expenses of approximately HK\$2.60 million; (vii) reimbursement of business development expenses of approximately HK\$1.32 million; and (viii) miscellaneous operating costs (such as insurance, motor vehicles, property management, technical support and listing fee) in the amount of approximately HK\$6.36 million. The other operating expenses of HK\$35.89 million for FY2019 was approximately 49.18% higher than that of HK\$24.06 million for the comparative year ended 31 December 2018 (“**FY2018**”), principally due to the higher actual gas volume produced in FY2019 as compared to FY2018, the peak payment cycle of technical consultancy fees during the ODP finalization and filing stage in FY2019, and the increase in costs

* For identification purposes only

accompanying the expansion and increase in workload of high-grade technical experts during the development period since July 2019. The Board is of the view that these operating costs are expected to be lower once the gas production capacity construction of the Akemomu Gas Field is completed and commercial production is commenced.

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

Hong Kong, 14 July 2020

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