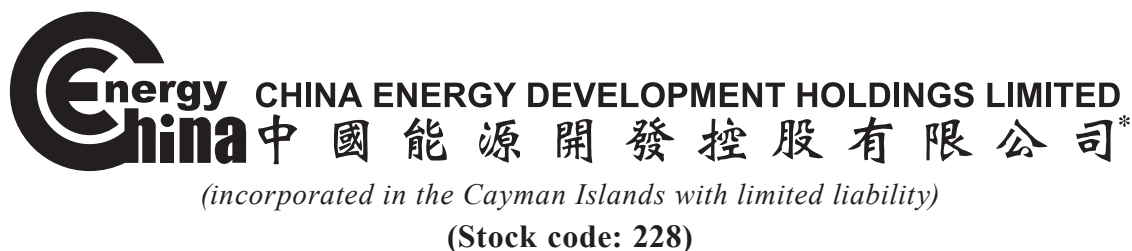


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## **TERMINATION OF MAJOR TRANSACTION RELATING TO ACQUISITIONS OF 51% EQUITY INTERESTS IN TAGRGET COMPANIES**

The Board announces that the Company will not proceed to completion of the Agreement as a condition precedent thereto cannot be fulfilled. As such, on 30 June 2008, the Purchaser served a notice of termination of the Agreement on the Vendor. The Purchaser is currently in discussions with the Vendor regarding the terms and conditions of the Deed of Termination and the return of the deposit of RMB20 million (or Hong Kong dollars equivalent) paid by the Purchaser to the Vendor under the Agreement. Further announcement will be made by the Company upon the signing of the Deed of Termination. No impact on the business or financials of the Group is expected as a result of the termination of the Acquisition.

### **INTRODUCTION**

Reference is made to (a) the announcement of China Energy Development Limited (the “**Company**”) dated 5 October 2007 (the “**Announcement**”) in relation to the acquisitions of 51% equity interests in the Target Companies; and (b) the announcements dated 26 October 2007, 28 December 2007 and 31 March 2008 issued by the Company relating to the extension of the deadline for despatch of the Circular to 31 December 2007, 31 March 2008 and 30 June 2008. Terms used herein shall have the same meanings as defined in the Announcement unless defined otherwise.

### **TERMINATION OF MAJOR TRANSACTION RELATING TO ACQUISITIONS OF 51% EQUITY INTERESTS IN TAGRGET COMPANIES**

Pursuant to the Agreement, Completion is conditional upon, inter alia, receipt by the Purchaser to its satisfaction and in its sole discretion a technical report issued by the technical adviser appointed by the Purchaser with respect to the Target Mining Sites as required under Rule 18.09 of the Listing Rules (the “**Technical Report**”).

\* For identification purpose only

As disclosed in the announcement of the Company dated 31 March 2008, the technical adviser is required to conduct another site visit and inspection of the Target Mining Sites for its own assessment and prepare the Technical Report upon completion of the geological examination by the domestic geology team. Given the occurrence of earthquake in Sichuan, the technical adviser is unable to complete the geological examination and finalise the Technical Report on or before the Long Stop Date.

Given that a condition precedent to the Completion of the Acquisition cannot be fulfilled, the Board considers that it would be in the best interest for the Shareholders if the Company does not proceed with the Acquisition. As such, on 30 June 2008, the Purchaser served a notice of termination of the Agreement on the Vendor. The Purchaser is currently in discussions with the Vendor regarding the terms and conditions of the deed of termination for the Agreement (the “**Deed of Termination**”) and the return of the deposit of RMB20 million (or Hong Kong dollars equivalent) paid by the Purchaser to the Vendor under the Agreement. Further announcement will be made by the Company upon the signing of the Deed of Termination. No impact on the business or financials of the Group is expected as a result of the termination of the Acquisition.

By order of the Board  
**China Energy Development Holdings Limited**  
**Tong Seak Kan**  
*Executive Director and Chairman*

Hong Kong, 30 June 2008

*As at the date of this announcement, the board of directors of the Company comprises Mr. Tong Seak Kan, Mr. Yim Chi Keung, Mr. Chan Shi Yung, Mr. Chui Kwong Kau, Mr. Chan Wai Keung, Mr. Chang Kuo Tien and Mr. Wang Xiang Jun as executive directors; and Mr. Chang Kin Man and Mr. Ip Wing Lun as independent non-executive directors.*