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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 228)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record an increase in loss for the year ended 31 December 2011 as compared to the year ended 31 December 2010.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Energy Development Holdings Limited (the “**Company**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) of the Company and potential investors that the Company and its subsidiaries (the “**Group**”) is expected to record an increase in loss for the year ended 31 December 2011 as compared to the year ended 31 December 2010. The expected increase in loss was mainly attributable to the provision for impairment of deposits, other receivables and loan receivables.

The Company is in the process of finalizing the annual results for the year ended 31 December 2011. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the year ended 31 December 2011 and on the information for time being, which have not been reviewed or audited by the Company’s auditors. Financial information of the Group will be disclosed in the annual results announcement for the year ended 31 December 2011, which is expected to be published before the end of March 2012.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 14 March 2012

As at the date of this announcement, the Board comprises Mr. Zhao Guoqiang, Mr. Chui Kwong Kau, Mr. Liu Baohe, Mr. Zhang Zhenming and Mr. Huang Changbi as executive directors; and Mr. Fu Wing Kwok, Ewing, Mr. Sun Xiaoli and Mr. Fu Dali as independent non-executive directors.

**For identification purpose only*