



# CHINESE PEOPLE GAS HOLDINGS COMPANY LIMITED

中民燃氣控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 681)

## ANNOUNCEMENT UNDER RULE 13.09 OF THE LISTING RULES IN RELATION TO THE SETTLEMENT AGREEMENT DATED 12 APRIL 2005

The board of directors of the Company hereby announces that on 12 April 2005, Kenworth and Nishimatsu entered into the Settlement Agreement which represents the full and final settlement of any and all claims and liabilities they have or may have against each other under the Sub-contract.

As a result of this settlement of the disputes between Kenworth and Nishimatsu, based on the notices of claims received under the Scheme, all liabilities of CPG and/or Kenworth under the Scheme have been discharged or settled and CPG will request the scheme administrator to make arrangements to wind up the Scheme.

### BACKGROUND

Reference is made to previous relevant disclosures including in the 2004 annual report of Chinese People Gas Holdings Company Limited (the “**Company**”).

In 1998, arbitration proceedings were commenced in relation to disputes between Kenworth Engineering Limited (“**Kenworth**”), the then wholly-owned subsidiary of the Company (and following the Company’s disposal of its holding company, now a wholly-owned subsidiary of Deson Development International Holdings Limited), and Nishimatsu Construction Co., Ltd. (“**Nishimatsu**”), a main contractor of a construction project at Chek Lap Kok airport, in relation to a subcontract made between Kenworth and Nishimatsu in July 1996 of part of the works under Nishimatsu’s main contract (the “**Sub-contract**”). In the arbitration proceedings, Kenworth made a claim against Nishimatsu for the outstanding payment of approximately HK\$122 million in respect of completed work under the Sub-contract and losses of approximately HK\$15.5 million due to the wrongful termination of the Sub-contract. Nishimatsu made a counterclaim of approximate HK\$82.7 million to extinguish Kenworth’s claim. On 27 March 2003, the arbitrator ordered Kenworth to pay HK\$5 million (the “**Security Deposit**”) as security for costs into a joint account and in compliance with the order Kenworth made such payment.

In 2000, the High Court of Hong Kong sanctioned a scheme of arrangement (the “**Scheme**”) made under Section 166 of the Companies Ordinance (Chapter 32 Laws of Hong Kong) involving the Company and Kenworth, which at that time was a wholly-owned subsidiary of the Company. Under the Scheme, Nishimatsu submitted a claim of approximate HK\$341 million (the claim amount was revised to HK\$141 million in 2002) for the alleged breach of the Sub-contract.

## SETTLEMENT AGREEMENT

The board of directors of the Company hereby announces that on 12 April 2005, Kenworth entered into a settlement agreement with Nishimatsu with respect to the terms of settlement of the aforesaid disputes arising from the Sub-contract (the “**Settlement Agreement**”).

Pursuant to the Settlement Agreement, Kenworth shall pay an aggregate amount of HK\$655,937.50 to Nishimatsu and all outstanding arbitrator’s fees (approximately HK\$280,000) within 14 days from the date of the Settlement Agreement. The aforesaid amount shall be paid out of the Security Deposit. The balance of the Security Deposit shall be released to Kenworth.

The Settlement Agreement constitutes a full and final settlement of all claims and liabilities that Kenworth and Nishimatsu have or may have against each other under the Sub-contract. As a result of this settlement of the disputes between Kenworth and Nishimatsu, based on the notices of claims received under the Scheme, all liabilities of CPG and/or Kenworth under the Scheme have been discharged or settled and CPG will request the scheme administrator to make arrangements to wind up the Scheme.

By Order of the board of  
**Chinese People Gas Holdings Company Limited**  
**Mo Shikang**  
*Managing and Executive Director*

Hong Kong, 12 April 2005

*At the date of this announcement, the board of directors of the Company comprises seven executive directors, namely, Mr. Xu Ruixin, Mr. Liu Jing, Mr. Mo Shikang, Mr. Zhu Peifeng, Mr. Zhang Hesheng, Mr. Jin Song and Mr. Ong Chi King, and three independent non-executive directors, namely, Mr. Liu Junmin, Mr. Tan Qinglian and Mr. Wong Shing Kay, Oliver.*

*\* For identification only*

Please also refer to the published version of this announcement in The Standard.