

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINESE PEOPLE GAS HOLDINGS COMPANY LIMITED

(incorporated in Bermuda with limited liability)

(stock code: 681)

INVESTMENT IN THE WELFARE LOTTERY OPERATING SYSTEMS IN THE PRC

The Board announces that they are not aware of any reason with respect to the recent increases in the trading price and volume of the shares of the Company except for the possible reason below.

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was suspended with effect from 9:30 a.m. on 15 February 2006 pending the release of this announcement. An application has been made by the Company to resume trading in its shares on the Stock Exchange with effect from 9:30 a.m. on 16 February 2006.

This announcement is made at the request of the Stock Exchange pursuant to Rule 13.10 of the Listing Rules.

The Board has noted the recent increases in the trading price and volume of the shares of the Company and wish to state that the Board is not aware of any reasons for such increase except for the possible reason below.

On 14 February 2006, an agreement was entered into between 中民在線(北京)科技發展有限公司 ("Zhong Min Zai Xian") and an independent third party not connected with the directors, substantial shareholders or chief executives of the Company, which holds a 100% interest in a company in the PRC (the "Target Company"). Upon completion of such agreement (the "Agreement"), Zhong Min Zai Xian will hold 50% equity interest in the Target Company.

Zhong Min Zai Xian is a PRC company in which one of the subsidiaries of the Company is interested in 30% of its registered capital and therefore an associated company of the Company and its subsidiaries (the "Group"). The Target Company is one of the companies authorized by 中國福利彩票發行中心 (China Welfare Lottery Issuance Centre) to provide the welfare lottery operation systems and ancillary services in the PRC extending to cover 7 provinces in the PRC. As at 31 December 2005, the unaudited net asset value of the Target Company was RMB17,160,234 (approximately HK\$16,500,225). For the financial year ended 31 December 2005, the unaudited net profit of the Target Company was RMB4,140,297 (approximately HK\$3,981,055).

Pursuant to the Agreement, Zhong Min Zai Xian will inject a total sum of RMB10,000,000 (approximately HK\$9,615,385) in the Target Company in cash by its internal resources (being RMB5,000,000 (approximately HK\$4,807,692.5) in the registered capital and RMB5,000,000 (approximately HK\$4,807,692.5) in the capital reserve, of the Target Company). There is no further obligation on Zhong Min Zai Xian to contribute to the capital or reserve of the Target Company under the terms of the Agreement. The Target Company will be equity accounted for in the financial results of Zhong Min Zai Xian. Zhong Min Zai Xian will then be equity accounted for in the financial results of the Group through the associated company.

The Directors of the Company consider that the above investment provided an exciting opportunity for the Company's associated company to participate in the business of providing welfare lottery operating systems and ancillary services in the PRC which the Board considers to have substantial growth potential in the future. The Board considers that information in this regard is or may be price sensitive.

The Board also confirms that, save and except as disclosed above, there are no other negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any other matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price sensitive nature.

Made by the order of the Board of the Company, the Directors of which individually and jointly accept responsibility for the accuracy of this statement.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 15 February 2006 pending the release of this announcement. An application has been made by the Company to resume trading in its shares on the Stock Exchange with effect from 9:30 a.m. on 16 February 2006.

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

Hong Kong, 15 February, 2006

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. Yan Wing Cheung, and three independent non-executive directors, namely, Mr. Liu Junmin, Mr. Tan Qinglian and Mr. Wong Shing Kay, Oliver.

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