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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

The Directors announce that they are not aware of any reason with respect to the decrease in trading price and increase in the trading volume of the shares of the Company today, except for the possible reasons below.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited under Rule 13.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Directors have noted the decrease in trading price and the increase in trading volume of the shares of the Company today and wish to state that they are not aware of any reasons for such unusual movements except for the possible reasons below.

As disclosed in the announcement of the Company dated 15 February 2006, an associated company of the Company 中民在線(北京)科技發展有限公司 (“**Zhong Min Zai Xian**”) entered into an agreement to take up a 50% equity interest in a PRC company which provides the welfare lottery operations systems and ancillary services extending to cover 7 provinces in the People’s Republic of China (the “**PRC**”). The Company has also commenced preliminary negotiations in relation to the Company’s possible acquisition of further interests in Zhong Min Zai Xian (the “**Acquisition**”). As at the date hereof no major terms of the Acquisition have been reached (The Acquisition if proceed would not increase the aggregate interest of the Company in Zhong Min Zai Xian to such an extent as to result in Zhong Min Zai Xian becoming a subsidiary of the Company). Save as disclosed above, the Directors confirm that 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 Rules 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

The Acquisition may or may not proceed and shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

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

Hong Kong, 17 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.

* for identification purpose only

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