



# 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)

### CLARIFICATION ANNOUNCEMENT

The Directors of the Company would like to clarify certain information in an announcement dated 14 July, 2006 made by the Company with respect to the acquisition of a 100% equity interest in Zhong Min Le Cai by Zhong Min Zai Xian.

Reference is made to the announcement issued by the Company dated 14 July, 2006 with respect to the acquisition of a 100% equity interest in Zhong Min Le Cai by Zhong Min Zai Xian (the "Announcement"). Unless the context otherwise requires, terms and expressions defined in the Announcement shall have the same meanings when used in this announcement.

The Board wishes to state that Qiang Sheng (one of the vendors of a 70% equity interest in Zhong Min Le Cai acquired by Zhong Min Zai Xian), the Welfare Lottery Issuance Centre of Hainan Province and Aristocrat Company are all independent third parties independent of, and not connected with, the Company or any connected persons of the Company, and that, save that Mr. Liu Jing, the Chairman and an executive director of the Company is the publisher of Public Welfare Times, which is the vendor of the balance of 30% equity interest in Zhong Min Le Cai acquired by Zhong Min Zai Xian, Public Welfare Times is an independent third party independent of, and not connected with the Company.

The Acquisition of the entire equity interest of Zhong Min Le Cai was made at nil consideration because Zhong Min Le Cai has been operating at a loss and, although Public Welfare Times has paid registered capital of RMB6,000,000, there is still unpaid registered capital of RMB24,000,000 representing RMB3,000,000 outstanding from Public Welfare Times and RMB21,000,000 outstanding from Qiang Sheng, which following the Acquisition Zhong Min Zai Xian will have to contribute. The consideration for the Acquisition was determined to be nil based on normal commercial terms and was negotiated at arms length basis.

Zhong Min Le Cai was incorporated on 28 July 2004 with a registered capital of RMB30,000,000 and a paid up capital of RMB6,000,000. Its operating period is from 28 July 2004 to 27 July 2034. Zhong Min Le Cai is principally engaged in the provision of computer hardware, software and network system for online instant welfare lotteries, and any ancillary services. To the best of the Directors' knowledge, information and belief, save as the unpaid registered capital of Zhong Min Le Cai, there is no capital contribution or loan commitment on the part of Zhong Min Zai Xian.

The Directors have made all reasonable efforts to ensure the accuracy of the information in relation to the Acquisition provided to the public and the shareholders in the Announcement and the announcement.

List of all Directors of the Company as at the date of this announcement:

*Executive Directors:*

Mr. Xu Ruixin  
Mr. Liu Jing  
Mr. Mo Shikang  
Mr. Zhu Peifeng  
Mr. Zhang Hesheng  
Mr. Jin Song  
Mr. Yan Wing Cheung

*Independent Non-executive Directors:*

Mr. Liu Junmin  
Mr. Tan Qinglian  
Mr. Wong Shing Kay, Oliver

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

Hong Kong, 18 July, 2006

\* *For identification purposes only*

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