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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)

### **Further delay in publication of preliminary results and despatch of annual report for the year ended 31 March 2006**

The board of directors of Chinese People Gas Holdings Company Limited announces that the publication of the preliminary results for the year ended 31 March, 2006 and the despatch of its annual report and accounts will be further delayed.

Trading in the shares of the Company on the Stock Exchange has been suspended from 9:30 a.m. on 31 July, 2006 and shall remain suspended until the publication of the preliminary results of the Group for the year ended 31 March, 2006.

Reference is made to the announcement issued by Chinese People Gas Holdings Company Limited (the "Company") dated 27 July, 2006 in relation to the delay in the publication of the preliminary results for the year ended 31 March, 2006 ("FY 2006") and the despatch of its annual report and accounts for such year (the "Earlier Announcement"). Terms defined in the Earlier Announcement have the same meanings when used in this announcement.

Under Rules 13.46(2)(a) and 13.49(1) of the Listing Rules, an issuer is required to publish in the newspapers its preliminary results for each financial year and send its annual report including its annual accounts to its shareholders not later than four months after the date upon which the relevant financial year ended. Accordingly, the preliminary results of the Group for FY 2006 are required to be published, and the Company's annual report and accounts for such year are required to be despatched, by not later than 31 July, 2006. As stated in the Earlier Announcement, the auditors of the Company had on 27 July, 2006 indicated to the Company that more time would be required for them to finalize the drafts accounts of the Group for FY 2006 and, based on the indications from the auditors, the Company expected that the preliminary annual results for such year would be announced on 31 July, 2006 and published on 1 August, 2006.

The management of the Company were informed by the auditors on 29 July, 2006 that during the auditors' final review of the draft financial statements of the Group for FY 2006, they identified several further issues arising in the light of newly applied accounting standards which had not previously been brought to the attention of the Company's management and which would cause further delay in completing their audit work and issuing their audit report on the Group's financial statements for FY 2006. Such new issues relate to:

1. whether the options in respect of 37,500,000 shares of the Company granted by the Company on 30 April 2004, being part of the consideration payable for the acquisition of shares in a company (Penmark Limited) which has as a result become a subsidiary of the Company (being one of the subjects of an announcement of the Company dated 18 February, 2004) should be accounted for as "share-based payment" with corresponding fair value adjustments to be made to the prior year comparative figures and the financial statements for FY 2006;
2. whether the Group's "available-for-sale properties" during the three years from 1 April, 2004 to 31 March, 2006 should be reclassified as "investment properties" with corresponding adjustments to be made to prior year comparative figures and the financial statements for FY 2006; and
3. the auditors' further consideration as to whether the accounting treatments and entries of the change in the fair value of the convertible notes issued by the Company and outstanding as at the balance sheet date, which had prior to the issue of the Earlier Announcement been agreed with the Company's management, are correct and appropriate.

Save for the above newly identified issues, the accounting treatments of which have yet to be determined by the auditors, the auditors have confirmed that there are no other outstanding audit issues in relation to the Company's financial statements for FY 2006.

Since each of the above three further issues may result in the need for valuation work by professional valuers, as at the date of this announcement, the auditors are unable to estimate the time which they will need to finalize their audit of the financial statements of the Group for FY 2006. Accordingly, the publication of the preliminary results for the year ended 31 March, 2006 and the despatch of the Company's annual report and accounts will be further delayed, but at this stage the Company is not able to state when the audit will be finalised to enable the preliminary results to be announced.

As stated in the Earlier Announcement, the directors of the Company acknowledge that the delay in the publication of the preliminary results and in the despatch of its annual report and accounts constitutes a breach of Rules 13.46(2)(a) and 13.49(1) of the Listing Rules and that the Stock Exchange reserves its rights to take appropriate actions against the Company and/or its directors in respect of the breach.

As stated in the Earlier Announcement, the directors of the Company had not dealt in any shares of the Company during the period commencing 28 June, 2006 (being the date falling one month prior to the originally scheduled board meeting for the approval of the preliminary results for FY 2006) and will not deal in the shares of the Company until the publication of such preliminary results.

Pursuant to Rule 13.50 of the Listing Rules, trading in the shares of the Company on the Stock Exchange has been suspended from 9:30 a.m. on 31 July, 2006 and shall remain suspended until the publication of the preliminary results of the Group for FY 2006.

**List of all directors of the Company as of 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, 31 July, 2006

\* *For identification purposes only*

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