



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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

The board of directors (the “Board”) of Chinese People Gas Holdings Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2006

		Six months ended	
	Notes	30.9.2006 HK\$'000 (Unaudited)	30.9.2005 HK\$'000 (Unaudited)
Turnover	3	304,985	139,956
Cost of sales		(181,415)	(54,786)
Gross profit		123,570	85,170
Other income	4	8,253	15,152
Administrative expenses		(38,313)	(22,000)
Loss on disposal of subsidiary		(2,974)	–
Finance costs		(19,849)	(580)
Changes in fair value of convertible notes		57,905	–
Share of results of associates		25,812	476
Profit before taxation		154,404	78,218
Taxation	6	(23,740)	(17,635)
Profit for the period		<u>130,664</u>	<u>60,583</u>
Attributable to:			
Equity holders of the Company		115,920	60,008
Minority interests		14,744	575
		<u>130,664</u>	<u>60,583</u>
Dividends	7	–	–
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
– basic	8	3.97	2.30
– diluted		<u>3.51</u>	<u>2.09</u>

CONDENSED CONSOLIDATED BALANCE SHEET*As at 30 September 2006*

	30.9.2006 <i>HK\$'000</i> (Unaudited)	31.3.2006 <i>HK\$'000</i> (Audited)
Non-current assets		
Property, plant and equipment	611,145	227,824
Investment properties	–	6,984
Intangible assets	121,521	–
Prepaid lease payments	28,933	8,737
Goodwill	59,019	44,725
Interest in an associate	89,176	3,564
Available-for-sale investment	6,700	194
	916,494	292,028
Current assets		
Inventories	15,663	4,404
Prepaid lease payments	719	366
Trade and other receivables	209,812	66,484
Bank balances and cash	277,157	132,986
	503,351	204,240
Current liabilities		
Trade and other payables	222,980	25,325
Taxation payable	49,459	28,835
Bank borrowings, secured – due within one year	101,734	28,264
Convertible notes	70,468	133,788
	444,641	216,212
Net current assets/(liabilities)	58,710	(11,972)
	975,204	280,056
Non-current liabilities		
Bank borrowings, secured – due after one year	155,418	2,807
Convertible notes	318,568	–
Deferred tax liabilities	–	61
	473,986	2,868
	501,218	277,188
Capital and reserves		
Share capital	212,573	201,989
Reserves	188,393	70,486
Equity attributable to equity Shareholders of the Company	400,966	272,475
Minority interests	100,252	4,713
	501,218	277,188

*Note:***1. BASIS OF PREPARATION**

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and the Hong Kong Accounting Standard (the “HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

During the reporting period, the Group acquired Fujian Province An Ran Gas Investment Company Limited* (福建省安然燃气投资有限公司) (“Fujian An Ran”). According to accounting standards and policies, a subsidiary is a company controlled by the Group. The Group is deemed to be controlling a company if the Group is entitled to control an entity’s financial and business policies directly or indirectly in order to obtain benefits from its operations. In assessing the controlling rights in an entity, the exercisable and convertible potential voting rights for the time being will also be calculated. The financial statements of a subsidiary will be consolidated into the consolidated results from the date of the controlling commenced to be effective until termination of such controlling rights. Therefore, the Group accounted Fujian An Ran results into these interim report results from commencement of its controlling rights.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of these condensed interim financial statements are consistent with those set out in the Group's audited financial statements for the year ended 31 March 2006, except that the Group has adopted, for the first time for the current period's financial statements, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as the "New HKFRSs") issued by the HKICPA are effective for the annual periods commencing on or after 1 January 2006:

HKAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 Amendment	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
HKAS 39 Amendment	The Fair Value Option
HKAS 39 and HKFRS 4 Amendments	Financial Guarantee Contracts
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The adoption of the above New HKFRSs has had no material impact on the accounting policies of the Group and the methods of the computation in the Group's condensed interim financial statements.

The HKICPA has also issued a number of new and revised HKFRSs which are not yet effective for the current reporting period. The Group has not early adopted those new and revised HKFRSs in these condensed interim financial statements.

The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

3. SEGMENTAL INFORMATION

Business segment

The following tables present turnover and profit information for the Group's business segments.

	Supply of gas		Gas pipeline connection		Discontinued operations*				Total	
	2006	2005	2006	2005	Property holding and investment		Glass product		2006	2005
	HK\$'000	HK\$'000 (restated)	HK\$'000	HK\$'000 (restated)	HK\$'000	HK\$'000 (restated)	HK\$'000	HK\$'000 (restated)	HK\$'000	HK\$'000 (restated)
Turnover	<u>166,915</u>	<u>35,014</u>	<u>132,549</u>	<u>93,397</u>	–	–	<u>5,521</u>	<u>11,545</u>	<u>304,985</u>	<u>139,956</u>
Segment results	<u>3,301</u>	<u>377</u>	<u>90,558</u>	<u>76,204</u>	–	813	<u>967</u>	<u>2,292</u>	<u>94,826</u>	<u>79,686</u>
Other unallocated incomes/(expenses)									<u>56,589</u>	<u>(1,364)</u>
Loss on disposal of subsidiaries									<u>(2,974)</u>	<u>–</u>
Finance costs									<u>(19,849)</u>	<u>(580)</u>
Share of results of associates									<u>25,812</u>	<u>476</u>
Profit before taxation									<u>154,404</u>	<u>78,218</u>
Taxation									<u>(23,740)</u>	<u>(17,635)</u>
Profit for the period									<u>130,664</u>	<u>60,583</u>

The Group's turnover and profit before taxation are sourced from The People's Republic of China ("the PRC").

* Please refer to the "Business Review".

4. OTHER INCOME

Other income mainly represents interest income.

Pursuant to a Scheme of Arrangement established in prior year pursuant to Section 166 of the Hong Kong Companies Ordinance ("Scheme"), the surplus fund of the Scheme of HK\$10,140,000 was refunded to the Company. The amount is recognised as income because the Group did not have any further obligations to the creditors as upon the termination of the Scheme on 30 May 2005.

During the period, a discount on acquisition of a subsidiary of HK\$372,000 is recognised as income.

5. DEPRECIATION

During the period, depreciation of HK\$4,259,000 (HK\$3,057,000 for the six months ended 30 September 2005) was provided in respect of the Group's property, plant and equipment.

6. TAXATION

Six months ended	
30.9.2006	30.9.2005
<i>HK\$'000</i>	<i>HK\$'000</i>

The charge comprises:

Current tax

People's Republic of China ("PRC") Enterprise Income Tax	<u>23,740</u>	<u>17,635</u>
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No provision for Hong Kong Profits Tax has been made in the financial statements as the Group did not have any assessable profit derived in Hong Kong for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the relevant law and regulations in the PRC, certain Company's PRC subsidiaries are entitled to exemption from PRC Enterprise Income Tax for two years commencing from their first profit-making year of operation and thereafter, they are entitled to a 50% relief from PRC Enterprise Income Tax for the following three years. During the period, Enterprise Income Tax for those PRC subsidiaries has been provided in the financial statements at the income tax rate ranging from 15% to 33% on the taxable profits.

7. DIVIDENDS

No dividends were paid during the period. The directors do not recommend the payment of an interim dividend.

8. EARNINGS PER SHARE

Six months ended	
30.9.2006	30.9.2005
<i>HK\$'000</i>	<i>HK\$'000</i>

The calculation of basic and diluted earnings per share attributable to equity holders of the parent is based on the following data:

Profit for the period attributable to equity holders of the Company

<u>115,920</u>	<u>60,008</u>
<i>'000</i>	<i>'000</i>

Weighted average number of ordinary shares for the purposes of basic earnings per share

2,922,804	2,614,716
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Effect of dilutive potential ordinary shares:
Share options

<u>786,513</u>	<u>262,180</u>
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Weighted average number of ordinary shares for the purposes of diluted earnings per share

<u>3,709,317</u>	<u>2,876,896</u>
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BUSINESS REVIEW

Distribution and Supply of Piped Gas

The principal activity of the Group is supplying piped gas to households and commercial and industrial customers through the Group's piped gas distribution networks, and its main income source is generated from sales of piped gas. During the reporting period, the Group achieved piped gas sales of 86.79 million cubic meters, representing an increase of 78% compared with the same period of last year, of which 13.49 million cubic meters were made to households, representing an increase of 150% compared with the same period of last year, and 73.30 million cubic meters were made to commercial and industrial customers, representing an increase of 69% compared with the same period of last year. The Group achieved an income of HK\$165,054,000 in sales of piped gas, representing an increase of 371% compared with the same period of last year, which accounted for 54.1% of the Group's turnover during the reporting period.

China is speeding up its urbanization process, and gas, as an indispensable public utility for urban life, is monopolistic in nature. The sales of the Group's piped gas will build up steadily with the gas utilization rate increasing in cities in which the Group operates and the Group obtaining more new gas projects.

Installation of Piped Gas

The group also engaged in construction of gas main pipelines and branch pipelines connecting households in the cities and supplied piped gas to households through its gas distribution networks. Installation fee from customers for connecting gas pipelines is another major income source of the Group. During the reporting period, the Group has completed installation work for 44,619 households and 4,444 commercial and industrial customers, rising by 32% and 18% respectively over the last year. The Group realized an income of HK\$132,549,000 in installation fees which represented an increase of 42% compared with the same period of last year and accounted for 43.5% of the Group's turnover during the reporting period.

As of 30 September 2006, the Group has connected 160,172 customers in aggregate, representing an increase of 168% compared with last year, of which 146,733 of these customers were households and 13,439 were commercial and industrial customers, each representing an increase of 170% and 150% respectively compared with the same period of last year.

The Group expects that installation fees will continue to exist until price of gas is totally adjusted by the market, and consequently installation fees will continue to be one of the most important income sources for the Group as the number of users in the regions the Group operates continue to expand and the Group secures more new gas projects.

Sales of Bottled Liquefied Petroleum Gas

During the reporting period, the Group embarked on wholesaling and retailing of bottled liquefied petroleum gas (“LPG”) with the establishment of Huaihua Zhong Min Gas Company Limited* (懷化中民燃氣有限公司) in Huaihua City Hunan Province. During the reporting period, the Group totally sold 356 tons LPG and recorded an income of HK\$1,861,000.

Lottery Operating System Supply and Ancillary Services

The Group intends to engage in video welfare lottery operating system supply and ancillary services in the Mainland through investing in the joint venture – Zhong Min Zai Xian (Beijing) Technology Development Ltd (“Zhong Min Zai Xian”).* (中民在線(北京)科技發展有限公司), and the related license is being applied by Zhong Min Zai Xian. The lottery businesses has not been duly commenced during the reporting period.

Exploitation of Oil and Natural Gas

During the reporting period, the Group acquired a 50% equity interest in Yan Bian Hua Xin Oil Exploitation Company Limited *(延邊州華新石油開發有限公司) (“Yan Bian Hua Xin”), adding this new business of oil and natural gas exploitation to its business portfolio. Please refer to the sub-section headed “Yan Bian Project” under the section headed “Project Expansion” below.

Business Reduction during the Reporting Period

During the reporting period, the Group cut down its investment in property and glass products. Firstly, it disposed of the 100% equity interest in its wholly-owned subsidiary Penmark Limited (“Penmark”) for HK\$6,500,000 in cash together with Penmark’s 534-square-meter salable property situated in Shanghai Zhongda Square. The Group intended to use the cash from these sales to focusing on expansion of new gas projects. Upon such disposal, the Group ceased to hold the salable property in Shanghai Zhongda Square. Secondly, during the reporting period, Mian Zhu City Hongsen Glass Products Company Limited*(綿竹市紅森玻璃製品有限公司) (“Glass Products”) needed to be redevelop since the company moving to a new location. However, the Company has not made further investment in Glass Products with a view to focusing its resources in developing business, Therefore the Group’s 70% equity interest in Glass Products has been reduced to 19%.

Project Expansion

The projects the Group secured during the reporting period are as follows:

The Yan Bian Project (延邊項目)

On 1 June 2006 the Company acquired a 50% equity interest in Yan Bian Hua Xin at a consideration of HK\$30,000,000. Yan Bian Hua Xin is principally engaged in the exploration and extraction of oil and natural gas in the Yanji Basin (延吉盆地) located in the Yan Bian Korean Nation Autonomous Area in Jilin Province, the PRC (中國吉林省延邊朝鮮族自治州) in cooperation with Daqing Oilfield Company.

The Yanliang Project (閩良項目)

On 8 June 2006, the Group acquired a 70% equity interest in a natural gas business at Yanliang District, Xian at a consideration of RMB42,500,000 (approximately HK\$41,480,000) and set up Xian Zhong Min Gas Company Limited (“Xian Zhong Min”), which mainly engages in sale and distribution of natural gas, design of natural gas pipeline and related maintenance in Yanliang District, Xian City, Shaanxi Province. Yanliang District in Xian City, with approximately 240,000 residents in total, is China’s aviation industrial region integrating aircraft design and research, production and manufacturing, flight testing and authentication as well as related scientific research. China’s largest aircraft manufacturer, Xian Aircraft Industry (Group) Co. Ltd. *(西安飛機工業(集團)有限責任公司) and many other enterprises and scientific research institutions are located there. In August 2004, the National Development and Reform Commission of the PRC approved the establishment of the national high and new technology aviation industry base with a planned area of 40 square kilometers in Yanliang District, Xian City. The base is expected to be built into Asia’s largest aviation industry base in three to five years.

The Huaihua Project (懷化項目)

On 18 July 2006, the Group and an Independent Third Party formed Huaihua Zhong Min Gas Co. Ltd. (“Huaihua Zhong Min”) in Huaihua City in Hunan province of the PRC with a registered capital of RMB18,180,000 (approximately HK\$17,744,000), of which a 55% equity interest was held by the Group. Huaihua Zhong Min principally engages in the business of installation and supply of natural gas and the LPG sale in Huaihua City of Hunan Province. Huaihua City, which situated at the boundary of Hunan, Guangxi and Guizhou Provinces, is an important transport pivot and logistic hub in central China. It has a population of 5,100,000, of which 400,000 live in the urban area.

An Ran Project (安然項目)

On 29 September 2006 the Group and an independent third party entered into two equity interest transfer agreements and an operation rights transfer agreement whereby the Group acquired 100% equity interest in Fujian An Ran at a consideration of RMB104,320,000 (approximately HK\$102,788,000) and acquired its operation rights by issuing and allotting 200,000,000 consideration shares at an issue price of HK\$0.40 per share.

Fujian An Ran mainly engages in sale and distribution of piped gas, designing, construction and installation of gas pipelines. It currently supplies LPG to residential users and LNG to industrial users in Fujian Province. As of 30 September 2006 Fujian An Ran has invested and set up 27 piped gas project companies. The gas business of Fujian An Ran covers a population of approximately 16.72 million with approximately 8.24 million people and approximately 2.75 million households connectable to its gas distribution network.

As 30 September 2006, the Group had a total of 36 gas projects, representing a rise of 414% compared with the same period of last year; its gas business covered a population of approximately 25.93 million with approximately 11.97 million people and approximately 3.99 million residential users connectable to its gas distribution network, rising 570% , 352% and 353% respectively compared with the same period of last year.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 30 September 2006, the Group had total assets of HK\$1,419,845,000 and current liabilities, long term liabilities, shareholders’ equity and minority interests of HK\$444,641,000, HK\$473,986,000, HK\$400,966,000 and HK\$100,252,000, respectively.

The Group continued to maintain a sound gearing ratio at 38.8%. It was calculated based on the long term borrowings of HK\$155,418,000 and long term capital of HK\$400,966,000.

On 8 September 2005, the Company issued US\$20,000,000 (approximately HK\$155,600,000) 2 per cent convertible bonds due 2008 to the independent third party Equator View Capital. As of 30 September 2006, the Company issued 234,844,210 Conversion Shares under the convertible bonds, and the amount of outstanding principal of the convertible bonds is US\$10,000,000 (approximately HK\$77,800,000).

On 30 May 2006, the Company and Indopark Holdings Limited, an indirect wholly-owned subsidiary of Merrill Lynch, entered into a Subscription Agreement (“Subscription Agreement”) in connection with issue by the Company to Indopark of US\$40 million (approximately HK\$310 million) 2 per cent convertible bonds due 2009. The Bonds are convertible into Shares at a Conversion Price of HK\$0.60 per Share (subject to adjustments) under the terms of the Subscription Agreement. Unless they are redeemed, converted or purchased and cancelled, the Convertible Bonds shall be redeemed by the Company at 106% of their principal amount on the third anniversary of the Issue Date of the convertible bonds. The bonds bear interest from the Issue Date at the rate of 2% per annum of the principal amount of the bonds. The Convertible Bonds issued on 15 June 2006 which allowed the Group to raise more funds for expansion of new projects and to further broaden its strategic investors base. The issue also manifested the full recognition from international prestigious investment banks of the Group’s results after the business transformation and their confidence in the Group’s future development.

Capital Structure

The Group’s long-term capital mainly comprised of shareholders’ equity which is confirmed by the sound gearing ratio as discussed in the section “Liquidity and capital resources” above.

Foreign Exchange Risk

The Group’s receivables and payables were denominated mainly in US dollar, Hong Kong dollar and Renminbi. Since Hong Kong dollar is linked to US dollar, and the recent moderate appreciation of Renminbi against the US dollar, we consider our exchange risk is not significant.

Capital Commitments

On 31 March, 2006, the Group entered into the Equity Transfer Contract, whereby the Group agreed to acquire a 51% equity interest in Wei Nan City Natural Gas Company (渭南市天然氣總公司) from Wei Nan City Development Company (渭南城建總公司) (the “Vendor”) at a provisional consideration of RMB33,000,000 (approximately HK\$32,516,000), which was subject to certain adjustments. During the reporting period, the Group did not obtain the actual controlling right of Wei Nan City Natural Gas Company and the foresaid amount was not paid. The Group is currently in negotiation with the Vendor, if there is no material progress, the Group may terminate its implementation of the above Equity Transfer Contract.

Contingent Liabilities

As at 30 September 2006, the Group had no significant contingent liabilities.

Post Balance Sheet Event

On 14 November 2006 the Group set up the solely-owned company Yan Bian Zhong Min Gas Company Limited with a registered capital of RMB10,000,000 (approximately HK\$9,853,000) in the Yan Bian Korean Nation Autonomous Area of Jilin Province. The business scope of the newly established company covered gas transportation as well as sale and installation of gas pipelines. The Group will supply the natural gas to residential users and commercial and industrial users in the Yan Bian Korean Nation Autonomous Area of Jilin Province.

On 29 November 2006, the Group and an Independent Third Party entered into a Joint Venture Contract whereby both parties agreed to set up in Kunming City of Yunan Province a joint venture with a registered capital of RMB7,560,000 (approximately HK\$7,449,000). The joint venture, in which the Group has a 55% equity interest, upon establishment, will engage in storage and transportation, wholesale and retail of LPG in Yunnan Province.

On 20 December 2006, the Group set up a solely-owned Huaihua Zhong Min Petroleum Gas Supply Company Limited with a registered capital of RMB26,000,000 (approximately HK\$25,618,000) in Huaihua City of Hunan Province. The business scope of the Company is purchase, transportation and sale of LPG and related petrol chemical products within the ranges permitted by the relevant policies.

Employees

As at 30 September 2006, the Group had approximately 900 employees, who were mainly based in the Mainland.

The remuneration policy and package of the Group’s employees are reviewed and approved by the directors after consulting the Remuneration Committee. Apart from pension funds, discretionary bonus and share options are linked to individual performance as recognition of and reward for value creation.

PROSPECTS

China’s economy is expected to sustain its steady and fast growth. The acceleration of industrialization and urbanization will fuel the rapid development of the city gas transportation and distribution industry. As the best clean energy in the 21st century, natural gas is increasingly become the main energy used by China’s urban residents and commercial and industrial enterprises.

China had a natural gas output of 50 billion cubic meters in 2005. Experts predict the output in 2010 and 2020 at 85 billion and 120 billion cubic meters respectively. Growth of China’s natural gas consumption will obviously outpace that of coal and petroleum. Natural gas consumption will account for approximately 6% and 10% of one-off consumed energy by 2010 and 2020 respectively. A third of the natural gas demand will mainly stem from urban gas demand and such demand will mainly come from cities in eastern China, particularly medium-and large-sized cities. Demand for natural gas is expected to reach 110-120 billion and 210-230 billion cubic meters by 2010 and 2020 respectively. The demand will partly be satisfied with 110-120 billion cubic meters of domestically produced natural gas while approximately 100-120 billion-cubic-meter demand will be left unfulfilled. By 2020, China will build a total of approximately 50,000 kilometers of natural gas pipelines, through which 60-80 billion cubic meters of piped gas will be imported. Ten LNG terminals will be built in China’s coastal areas with the first phase of the project having a handling capacity of 33-35 million tons of LNG. By 2020 three main natural gas consuming regions consisting of the Yangtze River Delta, the Bohai Bay area and Southeastern Coastal area will come into shape, making up 60% of the total consumption, while northeastern, southwestern and northwestern regions account for 30% of total consumption. The current chemical-fuel-dominant consuming structure will be altered with natural gas consumption in cities rising significantly.

Fujian An Ran has acquired a significant market presence in the natural gas market in Fujian Province. The acquisition of Fujian An Ran has expanded the Group’s gas market to a larger scale and extended the Group’s growing potential for future development. The energy resources of Fujian Province are insufficient relative to its well developed economy. Since early 2009, Fujian Province will import from Indonesia 2.6 million tones of LNG annually under a contract with a term of 25 years. The import will increase to 6 million tones upon completion of the second phase of the project. In view of the secure, clean, efficient and cheap characteristic of LNG, the

directors believe that LNG will take the place of LPG gradually to become the main energy for residential users and commercial and industrial users of Fujian Province. Since the offshore LNG from Indonesia becoming an onshore energy, LNG consumption among residential users and commercial and industrial users, driven by the fast economic growth of Fujian province will increase rapidly. The robust increase in LNG demand will bring the Group abundant cash flow.

Looking forward, the Group will increase its investment and consolidate its effort in city gas transportation and distribution industry. The Group will vigorously explore the LPG market in mainland China by adopting business strategic of maintaining the natural gas as its main business and supplementing it with various gas sources. Meanwhile the Group will speed up its operation of lottery business to bring more benefits and returns to its shareholders.

CORPORATE GOVERNANCE

Compliance with Code Provisions under Appendix 14 of the Listing Rules

During the six months ended 30 September 2006, the Company has complied with the provisions of the Code on Corporate Governance Practices (“CG Code”) set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”), except all independent non-executive directors are not appointed for a specific term. As every director (includes each independent non-executive director) is subject to the retirement by rotation at least once every three years and director(s) appointed to fill a casual vacancy should be subject to election at the first and subsequent general meeting in accordance with the Company’s Bye-Laws, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are comparable to those in CG Code.

Audit Committee

The Audit Committee has reviewed the unaudited interim results and financial statements of the Group for the six months ended 30 September 2006 and compliance procedures and the re-appointment of the external auditors with no disagreement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2006.

RESULTS PUBLICATION ON WEBSITE OF THE STOCK EXCHANGE

The unaudited interim report of the Company containing information required by paragraphs 46(1) to 46(6) in Appendix 16 to Listing Rules will be published on the website of Stock Exchange later on.

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

Hong Kong, 27 December 2006

* *For identification purpose only*

As at the date of this announcement, the Board 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. Wang Zheng, and three independent non-executive directors, namely, Mr. Liu Junmin, Mr. Tan Qinglian and Mr. Sin Ka Man.

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