



[For immediate release]

Panva Gas Announces Its Acquisitions in Piped Gas and LPG Projects Business Development in Dual Fronts to Strengthen Market Share

(Hong Kong 19 June, 2006) **Panva Gas Holdings Limited** (“Panva Gas” or “the Group”) (Stock Code: 1083) announces that its wholly-owned subsidiary, Panriver Investments Co., Ltd. (“Panriver”) entered into an Asset Transfer Agreement with a piped gas company and a LPG company in China, respectively this month to acquire 90% stake of Fuxin Gas Co. Ltd., and 50% stake of Hangzhou LPG Co., Ltd (“Hangzhou LPG”) for a total consideration of RMB 99,330,000.

The Group acquired 90% stake of Fuxin Gas for a total consideration of RMB74,330,000 which holds a 30-year concession to operate the piped gas business in Fuxin. Fuxin Gas is primarily engaged in development, construction and operation of urban piped gas project, sales of gas appliances, kitchen wares, and household electronics. As at 30 June 2005, the total population of Fuxin amounted to 1.93 million, with approximately 600,000 connectable households. The current piped gas users of Fuxin Gas amounted to 81,000 with a penetration rate of 14%. The current gas supply is all in coal-bed methane (natural gas formed in coal mines). The regional gas reserve is very rich, providing abundant supply for future development of city gas project.

About Fuxin City

Fuxin City is located in the northwest of Liaoning Province, 170 kilometers away from Shenyang City. It covers 10,355 square kilometers, including 5 districts and 2 counties. Total population amounts to 1,930,000. Haizhou district, Xihe district and Taiping district are central urban districts, while Xinqiu and Qinghe districts are satellite cities of Fuxin, 14 kilometers and 25 kilometers away from the urban area respectively. The total central urban area covers 331.2 square kilometer. Fuxin Mongol autonomous county is 6 kilometers away from Fuxin city, with population of 70,000.

In addition, the Group has committed to invest RMB25,000,000 to acquire a 50% stake of Hangzhou LPG and will be responsible for the company’s operational management. Hangzhou LPG is primarily engaged in the wholesale and retail business of LPG, the sale of gas appliances, appliance maintenance and other value-added services. As at 31 December 2005, Hangzhou LPG has approximately 317,000 registered LPG users, which boosts the whole LPG users base of the Group to over 2,600,000, at the same time further strengthening the Group’s position as the leading LPG distributor in China. By the year ended 31 December, 2005, the LPG sales volume of Hangzhou LPG was approximately 38,000 tonnes, representing a 30% market share in Hangzhou.

About Hangzhou City

Located in Yangtze Delta, Hangzhou City is the capital of Zhejiang Province. It is a sub-provincial city which is renowned for its tourism, cultural and historical attractions. As at 31 December 2004, the registered population of Hangzhou City amounted to 6,516,800, including an urban population of 4,015,900. Overall temporary residents amounted to 1,875,600, including 1,688,5000 living in the urban area.

Regarding the two acquisition projects, Mr. Chen Wei, Managing Director of Panva Gas, said, “Panva Gas is continuing the growth momentum with a focus in piped gas market, meanwhile maintaining the company’s lead in the LPG market with selected acquisitions. Acquisition of Fuxin piped gas project further strengthens the Group’s market share in Northeast China, and the addition of Hangzhou project enhances the synergy of the Group’s LPG business along the Yangtze River.”



About Panva Gas Holdings Limited (Stock Code: 1083)

Panva Gas Holdings Limited (“Panva Gas” or the “Group”) is a leading market player in LPG and natural gas businesses in China. It is principally engaged in sales and distribution of LPG and piped gas, pipeline construction and user connection. The customers range from residential to commercial and industrial users. With increasing domestic environmental issues, the Chinese government has been enhancing environmental protection standards. Panva Gas has seized this great opportunity and capitalized on the market demand for clean energy. Panva is currently operating 40 projects in 11 provinces in China, including Sichuan, Guizhou, Hunan, Jiangsu, Yunnan, Anhui, Shandong, Guangdong, Heilongjiang, Jilin and Liaoning.

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Released by the **Elite Communications Group Limited** for and on behalf of Panva Gas Co., Ltd.
For further information, please contact:

Investor Relations:
Ms. Michelle Fang
Tel: (852) 3183 0229
Fax: (852) 2155 9165

Media Relations:
Ms. Sarah Tsang
Tel: (852) 3183 0230
Fax: (852) 2583 9138