



To: Business Editor (For immediate release)

PANVA GAS HOLDINGS LIMITED
Announces its Interim Results for the Period Ended 30 June 2006
Turnover up 29.8% to HK\$1,243.93 Million

Market Coverage Enhancement with Active Project Acquisitions

Substantial increase of gas sales expedites shift to utility business model

<u>Financial Highlights</u>	For 6 months ended 30 June (HKD'000)		
	2006	2005	Change (%)
Turnover	1,243,931	958,053	+29.8%
Gross profit (Gross margin)	215,245(17.30%)	225,036 (23.49%)	(4.3%)
Net profit (Loss)	(221,139)	128,249	--

<u>Review of Operations</u>	For 6 months ended 30 June (HKD'000)		
	2006	2005	Change (%)
Sales of LP Gas in Bulk (%)	512,568(41.21%)	418,944 (43.73%)	22.3%
Retail of LP Gas (%)	369,294(29.69%)	256,117 (26.73%)	44.2%
Sale of Piped Gas (%)	184,011(14.79%)	54,833 (5.72%)	235.6%
Gas Pipeline Construction (%)	164,204(13.20%)	199,197 (20.79%)	(17.6%)

(Hong Kong, 26 September 2006) – **Panva Gas Holdings Ltd.** (“Panva Gas” or the “Group”) (Stock Code: 1083) announces its interim results for the 6 months ended 30 June 2006 (the “Period”).

During the period, Panva Gas achieved a turnover of HK\$ 1,243,931,000 (2005: HK\$ 958,053,000), representing an increase of 29.8% over the same period of last year. Gross profit for the Period was HK\$ 215,245,000(2005: HK\$ 225,036,000) representing a decrease of 4.3% over the same period last year and net loss for the period was HK\$ 221,139,000(2005: profit of HK\$ 128,249,000). Gross margin and net margin for the Period were 17.30% (2005: 23.49%) and negative 17.79%(2005: 13.39%) respectively. Basic loss per share is approximately HK\$ 23.41cents (2005: earnings per share HK\$ 13.61cents).

As at 30 June 2006, the Group’s cash and cash equivalents amounted to approximately HK\$953,607,000. The Group’s financial position enables the group to continue to undertake new projects development, but with greater prudence and selectivity

Panva has terminated the swap in September 2006 based on the recommendations of its independent finance advisor and special committee at an aggregate value of US\$ 55.95 million

Mr. Chen Wei, managing director and executive director of the Group, said, “During the period, the Group continues to progress in business expansion and organic growth. The acquisitions of Fuxin and Hangzhou projects provide valuable additions to our business portfolio, while the healthy growth in gas sales continues to transform the company to a true utility business model. Going forward, we shall continue to focus on improving operation and prudently make new



acquisitions with greater selectivity”

Business update and growth momentums

Sale of LP Gas in Bulk

Sale of LP Gas in bulk remained a principal activity of the Group during the period, benefiting from the efforts of the Central Operation Steering Committee to provide timely market information and forecast to the subsidiaries and to centralize their resources and purchasing, which helped reduce the overall cost of purchasing. As a result, the wholesale business was able to maintain solid development despite high volatility in the prices of LP Gas during the period. For the six months ended 30 June 2006, the business increased its turnover by 22.3% to approximately HK\$ 512.57 million, accounting for approximately 41.21% of the Group's total turnover.

Retail of LP Gas

During the first half of 2006, the PRC saw a general decline in the costs of LP Gas products as market participants started to seek for fuel alternatives which led to an increase in gross profit margin for the retailers of LP Gas. The Group's turnover derived from the business during the period grew by 44.2% to approximately HK\$369.29 million, accounting for approximately 29.69% of the total turnover.

As at 30 June 2006, the Group had approximately 2.35 million customers for its retail sale of LP Gas in cylinders, an increase of approximately 250,000 households over the corresponding period in 2005.

Sale of Piped Gas

This business comprises the direct sale of piped natural gas, piped LP Gas and piped coal gas to end-user households. Turnover of the business increased by 235.6% to approximately HK\$184 million, accounting for approximately 14.79% of the Group's aggregate turnover

As at 30 June 2006, the Group had approximately 1.2million households of end-user customers for its sale of piped gas, an increase of approximately 670,000 households over the corresponding period in 2005.

Gas Pipeline Construction

For the six months ended 30 June 2006, the Group received approximately HK\$164.2 million in connection fee, a decrease of approximately 17.6% over the same period last year. The amount accounted for approximately 13.2% of the Group's total turnover during the period, compared to approximately 20.79% a year ago. The decline in connection growth was mainly caused by high penetration.

New Project Acquisition

Market Coverage Expansion

The Group continued to accelerate its new project development in the first half of 2006

In June 2006, the Group acquired a 90% stake in Fuxin Gas Co. Ltd., a piped gas company and a 50% stake in Hangzhou LPG Co., Ltd, a LPG company for a total consideration of RMB 99,330,000. The Group is in discussion of other piped and LPG projects, and expects to make further additions to its operational portfolio.

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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 the sales and distribution of LPG and piped gas, pipeline construction and the connection of household gas users. Its customers include residential, commercial and industrial users. With increasing focus on domestic environmental issues, the Chinese government has been enhancing environmental protection standards. Panva Gas has seized the opportunity and capitalized on the market demand for clean energy. Panva is currently operating 42 projects in 12 provinces in China, including Sichuan, Guizhou, Hunan, Jiangsu, Yunnan, Anhui, Shandong, Guangdong, Heilongjiang, Jilin, Liaoning and Zhejiang.

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