



To: Business Editor (For immediate release)

**PANVA GAS HOLDINGS LIMITED**  
**Announces its Annual Results for the year ended 31 December 2005**  
**Turnover up 29.1% to HK\$ 2,324.10 Million**

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**Net Profit down 45.4% to HK\$ 156 Million due to Non-Cash Accounting Provision**

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Achieved Strong Growth and Enhanced Operational Standard

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<u>Financial Highlights</u>	For 12 months ended 31 December (HKD'000)		
	2005	2004	Change (%)
<b>Turnover</b>	2,324,100	1,800,253	+29.1%
<b>Gross profit (Gross margin)</b>	689,560 (29.7%)	446,871 (24.8%)	+54.3%
<b>Net profit</b>	155,777 (6.7%)	285,368 (15.9%)	(45.4)%

<u>Review of Operations</u>	For 12 months ended 31 December (HKD'000)		
	2005	2004	Change (%)
<b>Sales of LP Gas in Bulk (%)</b>	854,189(36.8%)	858,589 (47.7%)	(0.5%)
<b>Retail of LP Gas (%)</b>	574,474(24.7%)	412,498 (22.9%)	+39.3%
<b>Sale of Piped Gas (%)</b>	153,102(6.6%)	66,467 (3.7%)	+130.3%
<b>Gas Pipeline Construction (%)</b>	712,068(30.6%)	431,589 (24.0%)	+65.0%

(Hong Kong, 24 April 2006) – **Panva Gas Holdings Ltd.** (“Panva Gas” or the “Group”) (Stock Code: 1083) announces its annual results for the 12 months ended 31 December 2005 (the “Period”).

During the period, Panva Gas achieved a turnover of HK\$ 2,324.10 Million (2004: HK\$ 1,800.25 Million), representing an increase of 29.1% over the same period of last year. Gross profit and net profit for the Period rose to HK\$ 689.56 Million (2004: HK\$ 446.87 Million) and HK\$ 155.78 Million (2004: HK\$ 285.37 Million), representing an increase of 54.3% and a decrease of 45.4% over the same period of last year. Gross margin and net margin for the Period were 29.7% (2004 : 24.8%) and 6.7% (2004 : 15.9%) respectively. Basic earnings per share is approximately HK\$16.53 cents (2004: HK\$ 30.41 cents).

During the period, there is a non-cash accounting provision of HK\$ 208.13 Million. Company management adopted such provision as a prudent accounting approach to improve corporate financial transparency. Excluding this item, the profit would be HK\$ 363.90 Million, a 27.5% growth from 2004.

Mr. Chen Wei, managing director and executive director of the Group, said, “During the period, the Group made great achievements in operation management and project development. Meanwhile, the Group continued its acquisition momentum and successfully secured new projects in 7 cities and substantially expanded the Group’s market reach. Capitalizing on China’s rising demand for clear energy and government’s commitment in environmental protection, we are optimistic toward our general operation environment. The Group will continue to expand its business through acquisitions and project development, and prudently invest in projects meeting our return requirement. The Group will focus on the development of piped gas projects while also expanding its bottled LP Gas distribution business in selective cities, and step up effort to enhance operational efficiency and improve profit margin.”



## **Business update and growth momentums**

### ***Sale of LP Gas in Bulk***

By the year ended 31 December, 2005, the wholesale business maintained solid development despite the rising costs of LP Gas in the PRC. For the year ended 31 December 2005, the business decreased its turnover by 0.5% to approximately HK\$854.19 Million, accounting for approximately 36.8% of the Group's total turnover.

### ***Retail of LP Gas***

During the period, the Group was able to secure a solid growth in sales as well as a higher market share in the retail of LP Gas. Turnover derived from the business grew by 39.3% to approximately HK\$ 574.47 Million in 2005, accounting for approximately 24.7% of the Group's total turnover.

### ***Sale of Piped Gas***

Turnover of the business increased by 130.3% to approximately HK\$153.10 Million, accounting for approximately 6.6% of the Group's aggregate turnover derived from the gas fuel businesses in 2005. The volume breakdown for residential, commercial and industrial usage is 52.5%, 25.5% and 22.0% respectively.

### ***Gas Pipeline Construction***

For the year ended 31 December 2005, the Group received approximately HK\$712.07 Million in connection fee, an increase of approximately 65.0% over last year. The amount accounted for approximately 30.6% of the Group's total turnover in 2005, compared to approximately 24.0% last year.

### ***Acquisition of New Projects    Expansion of Market Penetration***

During the Period, the Group continued to accelerate its new project development and gained major breakthroughs and achievements. On the piped gas front, the Group further strengthened its strategic position in Sichuan and the northeastern PRC region while increased its market penetration in Guangdong, the number one PRC province in terms of economic development. A total of seven projects were secured during the year concerning piped gas distribution and gas pipeline construction in cities that included Jianyang in Sichuan province, Tieling, Chaoyang and Benxi in Liaoning province, and Shaoguan and Qingyuan in Guangdong province.

### ***Successful Migration to Main Board    Strengthen Shareholder Base***

The Group migrated to the Main Board of the Stock Exchange of Hong Kong Limited on 8 December, 2005. It created Panva Gas a better transaction platform to attract various investors with good quality for further development.

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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 NG businesses in the PRC. It is principally engaged in sales and distribution of LPG and piped gas, gas pipeline construction and user connection. The clients range from residential, commercial, industrial to automotive customers. As concerns about global environmental problems increase, the Chinese government has strengthened environmental protection standards. Panva Gas has seized this huge opportunity and capitalized on the market demand for clean energy. With 40 projects in 11 provinces in the PRC, Panva Gas covers Sichuan, Guizhou, Hunan, Jiangsu, Yunnan, Anhui, Shandong, Guangdong, Heilongjiang, Jilin and Liaoning. Panva Gas was assigned a “BB+” and “Ba1” foreign currency corporate credit rating by Standard & Poor’s and Moody’s, respectively.

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

**Investor Relation:**

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

**Media Relation:**

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