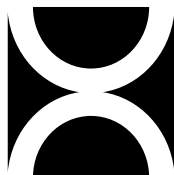


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XINAO GAS HOLDINGS LIMITED

新奧燃氣控股有限公司*

(Incorporated in Cayman Islands with limited liability)

ANNOUNCEMENT

The board of directors (“the Board”) of Xinao Gas Holdings Limited (the “Company”) has noted the recent increase in the trading volume of the shares in the Company and wish to state that the Board is not aware of any reasons for such increase.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Board has noted the increase in the trading volume of the shares in the Company on 7th October, 2002 and wish to state that the Board is not aware of any reasons for such increase.

Other than the acquisition of 10,000,000 shares of HK\$0.10 each in the capital of the Company (“Share(s)”) (representing 1.36% of the issued share capital of the Company as at the date of this announcement) at a price of HK\$1.50 per Share transacted on 7th October, 2002 by Easywin Enterprises Limited, a substantial shareholder of the Company, which is beneficiary owned as to 50% by Mr. WANG Yusuo and as to 50% by MS. ZHAO Baoju, both being the directors of the Company, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under paragraph 3 of the listing agreement entered into by the Company and the Stock Exchange (the “Listing Agreement”), neither is the Board aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

After completion of such acquisition, Easywin Enterprises limited will be interested in 430,000,000 Shares, representing 58.34% of the issued share capital of the Company as at the date of this announcement.

Made by the order of the Board, the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

By order of the Board
CHENG Chak Ngok

Executive Director and Company Secretary

Hong Kong, 7th October, 2002

* *For identification only*

*Please also refer to the published version of this announcement in
The Standard and Hong Kong Economic Times.*