

新奥燃气控股有限公司

XinAo Gas Holdings Limited

(Stock code 股份代號: 2688)



接駁一更多  
Connecting More...

2007 interim report  
中期業績報告



# Xiniao Gas Holdings Limited

Interim Report 2007

## CONTENTS

02	Financial and Operational Highlights
03	Management Discussion and Analysis
08	Report on Review of Interim Financial Information
09	Condensed Consolidated Income Statement
10	Condensed Consolidated Balance Sheet
12	Condensed Consolidated Statement of Changes in Equity
14	Condensed Consolidated Cash Flow Statement
15	Notes to the Condensed Consolidated Financial Statements
35	Other Information

## FINANCIAL AND OPERATIONAL HIGHLIGHTS

Dear Shareholders,

The Board of Directors (the "Directors") of Xinao Gas Holdings Limited (the "Company", and together with its subsidiaries, the "Group") is pleased to announce that the unaudited profit attributable to equity holders of the Company for the six months ended 30 June 2007 (the "Period") was RMB175,497,000, representing an increase of RMB50,245,000 or 40.1% as compared to RMB125,252,000 (restated) for the corresponding period last year.

### Financial and Operational Highlights

The major results and operational data of the Group for the Period together with the comparative figures for the corresponding period last year are as follows:

	Six months ended 30 June		
	2007 (Unaudited)	2006 (Unaudited and restated)	Increase (Decrease)
Revenue (RMB)	<b>2,309,610,000</b>	1,450,162,000	59.3%
Gross profit (RMB)	<b>771,475,000</b>	508,325,000	51.8%
Profit attributable to equity holders of the Company (RMB)	<b>175,497,000</b>	125,252,000	40.1%
Earnings per share – Basic (RMB)	<b>17.9 cents</b>	13.6 cents	31.6%
Connectable urban population	<b>39,417,000</b>	33,615,000	17.3%
Connectable residential households	<b>13,139,000</b>	11,205,000	17.3%
New natural gas connections made during the Period:			
– residential households	<b>225,606</b>	194,787	15.8%
– commercial/industrial ("C/I") customers	<b>837</b>	603	38.8%
– installed designed daily capacity for C/I customers (m <sup>3</sup> )	<b>809,581</b>	601,412	34.6%
Accumulated number of natural gas customers:			
– residential households	<b>2,335,758<sup>(1)</sup></b>	1,783,150 <sup>(2)</sup>	31.0%
– C/I customers	<b>6,639<sup>(1)</sup></b>	4,670 <sup>(2)</sup>	42.2%
– installed designed daily capacity for C/I customers (m <sup>3</sup> )	<b>5,183,417<sup>(1)</sup></b>	3,367,699 <sup>(2)</sup>	53.9%
Accumulated number of piped gas (including natural gas) customers:			
– residential households	<b>2,751,582</b>	2,174,193	26.6%
– C/I customers	<b>7,280</b>	5,185	40.4%
– installed designed daily capacity for C/I customers (m <sup>3</sup> )	<b>5,835,242</b>	4,051,134	44.0%
Natural gas penetration rate	<b>17.8%</b>	15.9%	–
Piped gas (including natural gas) penetration rate	<b>20.9%</b>	19.4%	–
Unit of piped gas sold to residential households (m <sup>3</sup> )	<b>183,188,000</b>	158,265,000	15.7%
Unit of piped gas sold to C/I customers (m <sup>3</sup> )	<b>848,459,000</b>	324,878,000	1.6 times
Unit of liquefied petroleum gas ("LPG") sold (ton)	<b>36,422</b>	24,697	47.5%
Number of vehicle refuelling stations	<b>72</b>	47	25
Number of natural gas processing stations	<b>77</b>	73	4
Total length of existing intermediate and main pipelines (km)	<b>10,058</b>	8,446	19.1%

Notes:

1. Including a total of 695,591 natural gas residential customers and 1,582 natural gas C/I customers (with a total designed daily capacity of 868,146m<sup>3</sup>) from acquisition/conversion.
2. Including a total of 619,048 natural gas residential customers and 1,412 natural gas C/I customers (with a total designed daily capacity of 662,707m<sup>3</sup>) from acquisition/conversion.

## BUSINESS REVIEW

### Pipeline Construction

During the Period, gas connection fee revenue reached RMB776,937,000, representing an increase of 33.3% over the corresponding period last year and accounting for 33.7% of the total revenue. The average connection fees for residential households and commercial/industrial ("C/I") customers were RMB2,828 and RMB262 (per m<sup>3</sup>) respectively. As compared to 2006, the average connection fees remained at same level, which reveals that China maintains a stable policy over connection fees.

Taking advantage of its industry experience and good management, the Group achieved sustained growth in the number of new connections. The new connections made to residential households and the designed daily capacity for C/I customers newly installed during the Period increased 15.8% and 34.6% respectively as compared to the corresponding period last year.

The liquefied natural gas ("LNG") import terminal in Shenzhen has come into commercial operation in the fourth quarter last year, which formally connect piped natural gas source for Dongguang, a large project of the Group. In addition, the coal conversion project in Erdos, Inner Mongolia, which is an upstream project with the Group's participation, has commenced its construction last year. Sufficient gas supply will facilitate more connections to both residential and C/I customers and strengthen the Group with stable and long-term revenue.

### Gas Sales

During the Period, piped gas sales revenue reached RMB1,340,480,000, representing an increase of 92.6% over the corresponding period last year and accounting for 58.0% of the total revenue. The sales volume of piped gas also increased by 1.1 times.

The growth of piped gas sales accelerates annually. The piped gas sales record its first time contributing over 50% of revenue, which shows that the Group has a more stable and long-term revenue base. The further decrease in reliance on one-off connection fee optimises the revenue structure. Moreover, the number of vehicle refuelling stations ("refuelling stations") has further increased from 57 by the end of 2006 to 72, whilst the gas sales to vehicles has increased by 4.2 times. Thanks to its contribution to environmental protection, refuelling stations which provide clean energy for vehicle refuelling, is expected to experience rapid business growth continuously. The Group can take advantage of the existing gas source in the refuelling station business, as well as increase the economies of scale for the gas projects on hand. The Group expects that the refuelling station business will become one of Group's major catalysts to increase long-term gas sales.

During the Period, bottled liquefied petroleum gas ("LPG") sales revenue reached RMB152,238,000, accounting for 6.6% of the total revenue.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross and Net Profit Margins

In the Period, the overall gross profit margin and net profit margin (after minority interests) of the Group were 33.4% and 7.6% respectively. As compared to the corresponding period last year, both gross profit margin and net profit margin decreased slightly.

The slight decreases in gross profit margin and net profit margin come from the continuous changes of the Group's revenue structure. The Group's major revenue is continuously shifting from higher margin one-off connection fee to relatively lower margin long-term piped gas sales. The share of connection fee over total revenue has fallen from 40.2% to 33.7% against the same period last year, whereas, the share of piped gas sales has increased immensely from 48.0% to 58.0%. It reveals the realization of the Group's strategy to focus on raising the penetration rate in existing gas projects whilst decreasing acquisition of new projects. The Group still maintained rapid growth along with its strategy.

## New Projects

During the Period, the Group secured the following two new piped gas projects:

Province	City	Connectable urban population
Anhui	Quanjiao	110,000
Zhejiang	Ningbo (Yinzhou District)	234,000

Together with the newly acquired piped gas projects, the Group has increased the total number of city gas projects to 66, with the connectable urban population raised to 39,417,000 (representing about 13,139,000 households). The Group stake to its existing strategy in the acquisition of peripheral towns and cities near the existing gas projects, which could fortify the economies of scale for existing gas projects. For example, Quanjiao is near to an existing gas project, Chuzhou, the distance between two projects is only 18km. The acquisition of Quanjiao can further enhance the economies of scale of Chuzhou project.

Currently, the Group has an overall gas penetration rate of 20.9% only, and from the Group's past experience, the gas penetration rates can reach as high as 70% to 80%. In association with the rapid economic growth of China, the demand of natural gas from C/I customers is rocketing continuously. The Group is still at the rapid development stage in its connection and gas sales business to residential and C/I customers, which provides good revenue protection in the future.

## Human Resources

As at 30 June 2007, the total number of staff employed by the Group was 13,880, of which 9 were based in Hong Kong. The number of staff increased 3.9% as compared to last year end, to cope with various new projects obtained by the Group. The staff was remunerated at market level with benefits such as bonus, retirement benefit and share option scheme.

## FINANCIAL RESOURCES REVIEW

### Liquidity and Financial Resources

As at 30 June 2007, the Group's cash on hand was RMB1,435,887,000 (31 December 2006: RMB1,567,552,000), and its total debts amounted to RMB4,599,451,000 (31 December 2006: RMB4,022,936,000). Its net gearing ratio, i.e. the ratio of net debt to equity (excluding minority interests), was 96.4% (31 December 2006: 80.3%).

Under the US\$25,000,000 Loan Agreements with International Finance Corporation ("IFC"), the private sector arm of the World Bank Group, and the subsequent amendment on the requirement thereafter, the Company, Mr. Wang Yusuo ("Mr. Wang") and the Borrowers (i.e. Bengbu Xinao Gas Company Limited, Shijiazhuang Xinao Gas Company Limited and Xiangtan Xinao Gas Company Limited, subsidiaries of the Company) have entered into the Share Retention Agreements with IFC on 18 May 2004 whereby Mr. Wang has agreed that, so long as any monies remain due or to become due and owing by the Borrowers to IFC under or in respect of the Loan Agreements, he and Ms. Zhao Baoju ("Ms. Zhao") will own, in aggregate, directly or, at any time that he and Ms. Zhao own in aggregate all the shares of Xinao Group International Investment Limited ("XGII"), indirectly through XGII, at least 27% of the issued share capital of the Company. Mr. Wang and Ms. Zhao are the beneficial and legal owners of XGII, which is owned as to 50% by Mr. Wang and 50% by Ms. Zhao. As at 30 June 2007, XGII and Mr. Wang together held 34.43% interests of the Company.

### Five-year Zero Coupon Convertible Bonds

The Company issued five-year convertible bonds ("CB" or "CBs") in an aggregate principal amount of HK\$550,000,000 on 15 November 2004. The CBs are zero coupon bonds; the issue price is 100% whereas the redemption price is 106.43%, which means that the effective interest rate is 1.25% per annum. Bondholders can exercise the conversion right between 15 December 2004 and 15 November 2009 and convert the CBs into ordinary shares of HK\$0.10 each of the Company, and the Company has the option to issue shares or pay cash in lieu of shares to such bondholders. The conversion price for each ordinary share at the issue date of the CBs was HK\$5.4375.

During the period, CBs in a principal amount of HK\$91,300,000 (equivalent to RMB88,963,000) was converted into 16,790,798 ordinary shares of the Company. There were nil CBs outstanding which had not been converted.

### Seven-year 7.375% Fixed Rate Bonds

On 5 August 2005, the Company issued 7-year bonds in the aggregate principle amount of US\$200,000,000 (equivalent to RMB1,614,040,000) with issue price and redemption price of 100%, which are unconditionally and irrevocably guaranteed by the guarantor subsidiaries. The guarantor subsidiaries are wholly-owned subsidiaries of the Company and are primarily holding companies that operate through subsidiaries. The coupon of the bonds is 7.375%, and interests are paid semi-annually.

Currently, the Group's operating and capital expenditures are funded by operating cash flow, internal liquidity, bank loans and issued bonds. The Group has sufficient sources of funds and unutilised banking facilities to meet the future capital expenditure and working capital requirements.

### Borrowings Structure

As at 30 June 2007, the Group's total debts amounted to RMB4,599,451,000 (31 December 2006: RMB4,022,936,000), including loans and bonds of US\$220,000,000 (equivalent to RMB1,673,650,000) and a mortgage loan of HK\$8,389,000 (equivalent to RMB8,162,000). Apart from the fixed rate US\$200,000,000 bonds, the other US dollar loans and the HK dollar mortgage loan bear interest at floating rates, and the remaining bank and other borrowings are denominated in Renminbi at fixed interest rates. The project companies used the Renminbi loans as their working capital and operational expenditure. Except for the loan amount equivalent to RMB1,634,211,000 that has to be secured by assets with the carrying amount equivalent to RMB114,845,000, all of the other loans are unsecured. Short-term loans were equivalent to RMB819,385,000 while the remaining were long-term loans falling due after more than a year.

As all the operations of the Group are in the PRC, revenues and expenses were mainly denominated in Renminbi. Hence, there were no significant foreign exchange exposures or risks. The Group has entered into interest rate swap contracts for the US dollar bonds. The Group will monitor the market trends of interest rates closely and make appropriate adjustments when necessary. All the interest hedging transactions the Group entered into were mainly for hedging against interest rate risks rather than for speculation purpose.

### Financial Guarantee

As at 30 June 2007, the Group had issued guarantees to banks to secure loan facilities granted to an associate and a jointly controlled entity to the extent of RMB20,460,000 (31 December 2006: RMB40,000,000) and RMB60,000,000 (31 December 2006: RMB57,000,000) respectively, of which the amounts have been utilized at the balance sheet dates.

### Capital Commitments

	At 30 June 2007 RMB'000	At 31 December 2006 RMB'000
Capital expenditure contracted for but not provided in the Interim Financial Statements in respect of acquisition of property, plant and equipment	30,548	32,716
Group's share of capital expenditure contracted for but not provided in an associate	–	919

## PROSPECTS

The Group carries on its effort in acquisition of high-quality new piped gas projects, boosting gas penetration rates in our existing gas projects, developing compressed natural gas refuelling stations that can increase long-term natural gas sales and developing energy distribution channels to peripheral towns and cities of our gas projects, so as to have sustainable business expansion. The strategic adjustments have been duly executed. During the first half of 2007, piped gas sales has made up over half of the Group's revenue, (i.e. 58.0%), whilst the share of one-off connection fee has further declined to 33.7%. This leads the Group's way to develop into a real utilities company gradually with good and stable cash flow.

Under the considerable growth of the Group's gas sales volume, protection of gas sources are of utmost importance. After the Liquefied Natural Gas ("LNG") factory in Weizhou Island, Beihai City, Guangxi came into operation last year, the LNG import terminal in Shenzhen, Guangdong province has commenced gas supply in the fourth quarter of 2006, which is beneficial to a project of the Group, Dongguang. As China is planning and constructing more long distance pipelines, the Group can acquire more high-quality projects in the future and further diversify its gas sources.

In order to alleviate the disparity between demand and supply of natural gas, to enhance natural gas utilization structure and to facilitate the work for energy saving and emission reduction, the "Natural Gas Utilization Policy" (the "Policy") as approved by the State Council and drawn up by National Development and Reform Commission ("NDRC") has been formally released and executed on 30 August 2007. Under the Policy, natural gas is categorised into several types with the efficacy in social, environmental and economic dimensions considered. The types include prioritised type, approved type, restricted type and prohibited type, among which natural gas used by residential households, public services and facilities as well as vehicle-used natural gas are categorised into prioritised type. The gas utilization under prioritised type agrees with the business area of the Group. In addition, NDRC established a series of concrete protection measures in natural gas utilization. Constitution of the Policy reveals the rational attitude of China government in natural gas utilization. With the support of the Policy, the Group's gas sources are under fundamental protection.

Since the construction for a coal conversion project at Erdos, Inner Mongolia, which is one of Group's upstream investments, has been kicked off last year, the construction is progressing satisfactorily. It is expected that the project can come into production by 2009, which enables the Group to make use of dimethyl ether ("DME"), a kind of clean energy, as a substitute for part of natural gas and LPG directly. The gas sources have thus been further diversified with increased flexibility.

The Group has long been putting great emphasis on long-term sustainable development. In addition to having the gas source protection plan set since several years ago, the Group has implemented plans for development diversification including bottled LPG and energy sales to peripheral towns and cities. At the same time, the Group has started to build up an efficient Enterprise Resource Planning ("ERP") system to enhance internal resources utilization and internal control. The advanced system enables management to grasp more accurate and timely information every time a decision is to be made. This facilitates more effective realization of revenue increase, cost minimization and risk control, which would in turn maximise the benefit of all shareholders, employees and society. The Group can also make a contribution to environmental protection.

**INDEPENDENT REVIEW REPORT****TO THE BOARD OF DIRECTORS OF XINAO GAS HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

**INTRODUCTION**

We have reviewed the interim financial information set out on pages 9 to 34, which comprises the condensed consolidated balance sheet of Xinao Gas Holdings Limited as at 30 June 2007 and the condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

**CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

18 September 2007

# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

09

	NOTES	Six months ended 30 June	
		2007 (Unaudited) RMB'000	2006 (Unaudited and restated) RMB'000
Revenue	3	2,309,610	1,450,162
Cost of sales		(1,538,135)	(941,837)
Gross profit		771,475	508,325
Other income	4	107,191	110,139
Selling expenses		(32,450)	(25,735)
Administrative expenses		(350,354)	(226,485)
Fair value changes on derivative financial instruments		(6,377)	(35,061)
Fair value changes on convertible bonds		(3,370)	(35,448)
Impairment loss on goodwill	11	(50,605)	–
Other expenses		(26,866)	(23,096)
Share of results of associates		(3,812)	3,388
Share of results of jointly controlled entities		22,679	14,154
Finance costs		(106,409)	(98,078)
Profit before taxation	5	321,102	192,103
Taxation	6	(69,620)	(25,752)
Profit for the period		251,482	166,351
Attributable to:			
Equity holders of the Company		175,497	125,252
Minority interests		75,985	41,099
		251,482	166,351
Interim dividend	7	–	–
Earnings per share	8		
Basic		17.9 cents	13.6 cents
Diluted		17.8 cents	13.6 cents

# CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2007

	NOTES	At 30 June 2007 (Unaudited) RMB'000	At 31 December 2006 (Audited) RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	9	6,011,718	5,191,837
Prepaid lease payments	10	404,453	375,200
Investment properties	9	68,206	70,885
Goodwill	11	242,488	184,267
Intangible assets	12	273,839	267,386
Interests in associates	13	396,211	340,173
Interests in jointly controlled entities	13	358,229	295,530
Available-for-sale investments		22,773	18,420
Amount due from an associate	14	103,000	83,000
Amount due from a joint controlled entity	14	89,000	69,000
Deposits paid for investments in joint ventures		36,838	54,725
Deposits paid for acquisition of property, plant and equipment		902	14,491
		<b>8,007,657</b>	<b>6,964,914</b>
<b>Current assets</b>			
Inventories		166,711	171,218
Trade and other receivables	15	1,004,950	797,895
Prepaid lease payments	10	6,704	6,587
Amounts due from customers for contract work		298,291	311,243
Amounts due from associates		82,334	67,558
Amounts due from jointly controlled entities		69,723	46,255
Amounts due from related companies		50,317	101,784
Bank balances and cash		1,435,887	1,567,552
		<b>3,114,917</b>	<b>3,070,092</b>
<b>Current liabilities</b>			
Trade and other payables	16	1,838,912	1,625,959
Derivative financial instruments		52,389	46,012
Amounts due to customers for contract work		271,482	279,902
Amounts due to associates		85,815	56,320
Amounts due to jointly controlled entities		25,244	16,484
Amounts due to related companies		28,775	18,032
Taxation payable		46,278	36,088
Bank and other loans – due within one year	17	819,385	619,140
Financial guarantee liability		298	1,502
		<b>3,168,578</b>	<b>2,699,439</b>
<b>Net current (liabilities) assets</b>		<b>(53,661)</b>	<b>370,653</b>
		<b>7,953,996</b>	<b>7,335,567</b>

# CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2007

	NOTES	At 30 June 2007 (Unaudited) RMB'000	At 31 December 2006 (Audited) RMB'000
<b>Capital and reserves</b>			
Share capital	18	104,634	102,825
Reserves		3,177,322	2,953,835
Equity attributable to equity holders of the Company		3,281,956	3,056,660
Minority interests		820,057	811,768
		4,102,013	3,868,428
<b>Non-current liabilities</b>			
Bank and other loans – due after one year	17	2,288,926	1,750,738
Financial guarantee liability		1,841	1,228
Convertible bonds	19	–	127,597
Guaranteed notes	20	1,491,140	1,525,461
Deferred taxation	6	70,076	62,115
		3,851,983	3,467,139
		7,953,996	7,335,567

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

Six months ended 30 June 2006

	Attributable to equity holders of the Company										
	Share capital	Share premium	Share option reserve	Special reserve	Statutory reserves	Property revaluation reserve	Investment revaluation reserve	Accumulated profits	Total	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006											
(audited and restated)	95,819	1,202,287	-	1,167	70,681	19,745	-	841,787	2,231,486	527,663	2,759,149
Profit for the period and total recognised income and expense for the period	-	-	-	-	-	-	-	125,252	125,252	41,099	166,351
Issue of shares on conversion of convertible bonds	3,453	210,081	-	-	-	-	-	-	213,534	-	213,534
Capital contribution from minority shareholders	-	-	-	-	-	-	-	-	-	201,407	201,407
Reduction in share of equity interest of a subsidiary	-	-	-	-	-	-	-	-	-	(15,144)	(15,144)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	-	(38,512)	(38,512)
Recognition of equity-settled share-based payments	-	-	30,317	-	-	-	-	-	30,317	-	30,317
Transfer to statutory reserves (note a)	-	-	-	-	4,699	-	-	(4,699)	-	-	-
At 30 June 2006 (unaudited)	99,272	1,412,368	30,317	1,167	75,380	19,745	-	962,340	2,600,589	716,513	3,317,102

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

13

Six months ended 30 June 2007

	Attributable to equity holders of the Company										
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Special reserve RMB'000	Statutory reserves RMB'000	Property revaluation reserve RMB'000	Investment revaluation reserve RMB'000	Accumulated profits RMB'000	Total RMB'000	Minority interests RMB'000	Total RMB'000
At 1 January 2007	102,825	1,628,476	57,370	1,167	83,263	21,514	(444)	1,162,489	3,056,660	811,768	3,868,428
Effect of change in tax rate on deferred tax liability relating to property revaluation	-	-	-	-	-	1,119	-	-	1,119	613	1,732
Gain on fair value change of available-for-sale investment	-	-	-	-	-	-	4,718	-	4,718	-	4,718
Net income recognised directly in equity	-	-	-	-	-	1,119	4,718	-	5,837	613	6,450
Transfer to profit or loss on sales of available-for-sale investment	-	-	-	-	-	-	(193)	-	(193)	-	(193)
Profit for the period	-	-	-	-	-	-	-	175,497	175,497	75,985	251,482
Total recognised income and expenses for the period	-	-	-	-	-	1,119	4,525	175,497	181,141	76,598	257,739
Issue of shares on conversion of convertible bonds (note 19)	1,638	125,600	-	-	-	-	-	-	127,238	-	127,238
Capital contribution from minority shareholders	-	-	-	-	-	-	-	-	-	3,600	3,600
Issue of shares on exercise of share options (note 22)	171	3,698	-	-	-	-	-	-	3,869	-	3,869
Acquisition of additional interest in a subsidiary (note b)	-	-	-	(20,737)	-	-	-	-	(20,737)	(8,017)	(28,754)
Dividend appropriation	-	-	-	-	-	-	-	(77,274)	(77,274)	-	(77,274)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	-	(63,892)	(63,892)
Recognition of equity-settled share-based payments	-	-	11,059	-	-	-	-	-	11,059	-	11,059
Transfer to statutory reserves (note a)	-	-	-	-	27,655	-	-	(27,655)	-	-	-
At 30 June 2007 (unaudited)	104,634	1,757,774	68,429	(19,570)	110,918	22,633	4,081	1,233,057	3,218,956	820,057	4,102,013

## Notes:

- In accordance with the People's Republic of China ("PRC") regulations, the statutory reserves retained by the subsidiaries in the PRC are non-distributable.
- During the period, the Group has acquired additional 20% interest in a subsidiary, 淮安新奥燃气有限公司, at a consideration of RMB27,801,000 from a minority shareholder. Increase in special reserve during the period amounting to RMB20,737,000 represents the difference between the fair value and the carrying amount of the net assets attributable to the additional interest in the subsidiary being acquired from the minority shareholder, which will be recognised in the income statement upon the earlier of the disposal of the subsidiary or the disposal by the subsidiary of the assets to which it relates.

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

	NOTES	Six months ended 30 June	
		2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Net cash from operating activities		<b>304,259</b>	144,839
Investing activities			
Dividend from a jointly controlled entity		<b>24,500</b>	–
Purchase of property, plant and equipment		<b>(670,078)</b>	(458,361)
Purchase of prepaid lease payments		<b>(21,286)</b>	–
Decrease in deposits paid for investments in joint ventures		<b>412</b>	179,682
Acquisition of intangible assets		<b>–</b>	(69,990)
Acquisition of businesses	23	<b>(119,694)</b>	22,885
Investments in associates		<b>(60,100)</b>	(91,610)
Proceeds on disposal of property, plant and equipment		<b>2,427</b>	4,086
Proceeds on disposal of investment property		<b>3,304</b>	–
Amount advanced to an associate		<b>(20,000)</b>	(26,000)
Amount advanced to a jointly controlled entity		<b>(20,000)</b>	(69,000)
Other investing activities		<b>(286)</b>	2,294
Net cash used in investing activities		<b>(880,801)</b>	(506,014)
Financing activities			
Interest paid on guarantee notes		<b>(52,002)</b>	–
Contribution from minority shareholders		<b>3,600</b>	96,657
Dividends paid to minority shareholders		<b>(63,892)</b>	(38,512)
Dividends paid to shareholders		<b>(77,274)</b>	–
New bank loans raised		<b>988,000</b>	878,000
Repayment of bank loans		<b>(357,424)</b>	(567,315)
Decrease in pledged bank deposits		<b>–</b>	162,963
Proceeds from shares issued		<b>3,869</b>	–
Net cash from financing activities		<b>444,877</b>	531,793
(Decrease) increase in cash and cash equivalents		<b>(131,665)</b>	170,618
Cash and cash equivalents at beginning of period		<b>1,567,552</b>	1,621,092
Cash and cash equivalents at end of period		<b>1,435,887</b>	1,791,710
Balances of cash and cash equivalents represented by:			
Bank balances and cash		<b>1,435,887</b>	1,791,710

For the six months ended 30 June 2007

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements (the "Interim 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 (the "Stock Exchange") and with Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

In preparing the Interim Financial Statements, the directors have given careful consideration of the Company and its subsidiaries (collectively the "Group") in light of its net current liabilities of RMB53,661,000 as at 30 June 2007. On the basis that the Group has secured credit facilities of approximately RMB232,000,000 which remains unutilised at the date of approval of the Interim Financial Statements, the directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the Interim Financial Statements have been prepared on a going concern basis.

## 2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006 except for the below:

### Acquisition of additional interest in a subsidiary

On acquisition of additional interest in a subsidiary, the difference between the fair values and the carrying values of the underlying assets and liabilities attributable to the additional interest in a subsidiary acquired is charged to special reserve. Goodwill or discount arising on the purchase of the additional interest is calculated as the difference between the additional cost of the interest acquired and the increase in the Group's interest, based on the fair value of all identifiable assets and liabilities of the subsidiary.

In the current interim period, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions <sup>2</sup>
HK(IFRIC)-Int 12	Service Concession Arrangements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2007

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2008

The directors of the Company are in the process of determining whether these new and revised standards and interpretations will have any material impact on the financial statements of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

## 3. SEGMENT INFORMATION

The Group's primary format for reporting segment information is business segment.

For management purposes, the Group is currently divided into four divisions: gas connection, sales of piped gas, distributions of bottled liquefied petroleum gas and sales of gas appliances.

### Six months ended 30 June 2007

	Gas connection RMB'000	Sales of piped gas RMB'000	Distributions of bottled liquefied petroleum gas RMB'000	Sales of gas appliances RMB'000	Consolidation RMB'000
Revenue	776,937	1,340,480	152,238	39,955	2,309,610
Segment result before depreciation	524,516	267,877	3,212	9,920	805,525
Depreciation	–	(81,533)	–	–	(81,533)
Segment result	524,516	186,344	3,212	9,920	723,992
Unallocated other income					104,068
Unallocated corporate expenses					(419,416)
					408,644
Share of results of associates (Note)					(3,812)
Share of results of jointly controlled entities (Note)					22,679
Finance costs					(106,409)
Profit before taxation					321,102
Taxation					(69,620)
Profit for the period					251,482

Note: The share of results of associates and jointly controlled entities are attributable to:

	Share of results of Associates RMB'000	Jointly controlled entities RMB'000
Gas connection	461	3,020
Sale of piped gas	1,620	19,659
Other businesses not classified as a business segment	(5,893)	–
	(3,812)	22,679

For the six months ended 30 June 2007

## 3. SEGMENT INFORMATION (continued)

Six months ended 30 June 2006

	Gas connection RMB'000	Sales of piped gas RMB'000	Distributions of bottled liquefied petroleum gas RMB'000	Sales of gas appliances RMB'000	Consolidation RMB'000
Revenue	583,036	696,170	129,529	41,427	1,450,162
Segment result before depreciation	433,945	146,608	3,026	9,053	592,632
Depreciation	–	(62,685)	–	–	(62,685)
Segment result	433,945	83,923	3,026	9,053	529,947
Unallocated other income					88,520
Unallocated corporate expenses					(345,828)
					272,639
Share of results of associates (Note)					3,388
Share of results of jointly controlled entities (Note)					14,154
Finance costs					(98,078)
Profit before taxation					192,103
Taxation					(25,752)
Profit for the period					166,351

Note: The share of results of associates and jointly controlled entities are attributable to:

	Share of results of	
	Associates	Jointly controlled entities
	RMB'000	RMB'000
Gas connection	(201)	15,634
Sale of piped gas	3,589	(1,480)
	3,388	14,154

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

## 4. OTHER INCOME

	Six months ended 30 June	
	2007 RMB'000	2006 RMB'000 (restated)
Other income includes:		
Gain on dilution of interest in a subsidiary	–	15,144
Gain on foreign exchange	44,310	17,719
Gain on disposal of investment properties	625	–
Gain on disposal of available-for-sale investments	193	–
Incentive subsidies (note)	17,670	5,837
Income from conversion of fuel pipes of vehicles	3,739	3,040
Income from rented premises under operating leases	2,695	2,119
Interest earned from bank deposits	17,669	12,613
Miscellaneous sales	1,582	5,216
Pipeline transmission income	490	104
Repairs and maintenance income	5,407	1,996

Note: The amount represents refund of part of income tax as an incentive for re-investment of the profit of certain subsidiaries operated by the foreign investor, and incentive subsidies granted by the relevant government authorities in the PRC. These incentive subsidies were recorded in the period when the relevant approval was obtained.

## 5. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2007 RMB'000	2006 RMB'000
Profit before taxation has been arrived at after charging:		
Allowance for bad and doubtful debt	44,969	3,829
Amortisation of intangible assets (included in other expenses)	5,644	4,700
Amortisation of prepaid lease payments	7,403	2,742
Depreciation of property, plant and equipment	114,657	86,460
Loss on disposal of property, plant and equipment	739	3,171
Share-based payment expenses (included in administrative expenses)	11,059	30,317
Share of tax of associates (included in share of results of associates)	5,672	–
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	4,250	71

For the six months ended 30 June 2007

## 6. TAXATION

	Six months ended 30 June	
	2007 RMB'000	2006 RMB'000
PRC enterprise income tax	65,157	25,266
Deferred taxation	4,463	486
	<b>69,620</b>	<b>25,752</b>

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries are entitled to exemption from PRC enterprise income tax for the first two years commencing from their first profit-making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC enterprise income tax for the following three years. The reduced tax rate for the relief period is ranging from 7.5% to 16.5%. The charge of PRC enterprise income tax for the period has been provided for after taking these tax incentives into account.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Pursuant to the PRC Enterprise Income Tax Law (the "New Tax Law") passed by the Tenth National People's Congress in the PRC on 16 March 2007, the new PRC income tax rates for domestic and foreign enterprises are unified at 25% effective from 1 January 2008. Under the New Tax Law, entities that are currently entitled preferential tax rates may continue to enjoy the tax benefits. As a result of the New Tax Law, the carrying amounts of deferred income tax liabilities have been decreased by RMB7,834,000 as at 30 June 2007, with RMB6,102,000 credited to condensed consolidated income statement and RMB1,732,000 credited directly against equity.

The movements of deferred taxation for the period are as follows:

	Valuation of property RMB'000	Intangible assets RMB'000	Attributable to		Total RMB'000
			Capitalisation of interest in property, plant and equipment RMB'000	Others RMB'000	
At 1 January 2007	11,002	51,113	–	–	62,115
Acquisition of businesses (note 23)	3,793	3,024	–	(1,587)	5,230
(Credit) charge to income statement	–	(559)	11,124	–	10,565
Effect of change in tax rate					
– credit to income statement	–	(6,102)	–	–	(6,102)
– credit to equity	(1,732)	–	–	–	(1,732)
At 30 June 2007	13,063	47,476	11,124	(1,587)	70,076

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

## 7. DIVIDEND

Final dividends in respect of 2006 of HK\$7.75 cents per share or RMB77,274,000 were paid during the period.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: nil).

## 8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2007 RMB'000	2006 RMB'000 (restated)
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share	<b>175,497</b>	125,252
Effect of dilutive potential ordinary shares:		
Fair value changes on convertible bonds	<b>3,370</b>	–
Earnings for the purpose of diluted earnings per share	<b>178,867</b>	125,252
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>980,799,944</b>	919,001,474
Effect of dilutive potential ordinary shares:		
– share options	<b>11,694,890</b>	4,294,994
– convertible bonds	<b>11,132,021</b>	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>1,003,626,855</b>	923,296,468

The computation of the diluted earnings per share for last period does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share.

For the six months ended 30 June 2007

**8. EARNINGS PER SHARE (continued)**

The effect of change in accounting policy of convertible bonds resulting from change in functional currency of the Company in 2006 is summarised as follows:

	<b>Six months ended 30 June 2006</b>	
	<b>Basic earnings per share cents</b>	<b>Diluted earnings per share cents</b>
As originally stated	14.8	14.3
Adjustment arising from change in accounting policies in 2006	(1.2)	(0.7)
As restated	13.6	13.6

**9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES**

During the period, through acquisition of businesses, the Group's property, plant and equipment increased by approximately RMB208,640,000 (six months ended 30 June 2006: RMB338,253,000).

In addition, the Group acquired property, plant and equipment amounting to approximately RMB729,064,000 (six months ended 30 June 2006: RMB458,361,000) during the period.

No revaluation on leasehold land and buildings and investment properties was carried out during the period. The valuation at 31 December 2006 was carried out by Knight Frank Petty Limited ("Knight Frank Petty"), an independent firm of qualified professional valuers not connected with the Group, on an open market value basis. The directors of the Company consider that the carrying amount of the leasehold land and buildings and investment properties at 30 June 2007 were not significantly different from their fair values on 31 December 2006.

**10. PREPAID LEASE PAYMENTS**

During the period, through acquisition of businesses, the Group's certain land use rights approximately RMB15,487,000 (six months ended 30 June 2006: nil) were recognised as increase in prepaid lease payments.

In addition, the Group acquired land use rights amounting to approximately RMB21,286,000 (six months ended 30 June 2006: RMB112,134,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

## 11. GOODWILL

	RMB'000
At 1 January 2006	133,046
Arising on acquisition of businesses	51,282
Eliminated on deregistration of a subsidiary	(61)
At 31 December 2006	184,267
Arising on acquisition of businesses (note 23)	108,826
Impairment loss recognised	(50,605)
At 30 June 2007	242,488

During the period, the directors had conducted a review of the carrying values of goodwill. As a result of the continuing under-performance of the businesses, an aggregate amount of RMB50,605,000 in respect of goodwill arising from prior years' acquisition of 金華新奧燃氣有限公司, 金華新奧燃氣發展有限公司 and 湛江新奧燃氣有限公司 representing cash generating units under gas connection division, was identified to be fully impaired and the corresponding impairment losses were recognised in the Interim Financial Statements.

## 12. INTANGIBLE ASSETS

During the period, customer base of RMB12,097,000 was recognised upon the acquisition of businesses (note 23).

## 13. INTERESTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

During the period, the Group made additional capital contribution to an associate, 新能能源有限公司 amounting to RMB60,100,000 and acquired a jointly controlled entity, 寧波新奧燃氣有限公司, at a consideration of RMB64,360,000. The directors of the Company expect to settle the consideration for acquisition of the jointly controlled entity within next twelve months.

## 14. AMOUNT DUE FROM AN ASSOCIATE AND A JOINTLY CONTROLLED ENTITY

During the period, the Group made additional advances of RMB20,000,000 to an associate and the same amount to a jointly controlled entity. The amounts advanced are unsecured, interest bearing at 6.57% per annum and repayable in 2010.

For the six months ended 30 June 2007

## 15. TRADE AND OTHER RECEIVABLES

	At 30 June 2007 RMB'000	At 31 December 2006 RMB'000
Trade receivables aged:		
0 – 3 months	350,784	277,354
4 – 6 months	52,021	49,036
7 – 9 months	58,786	46,630
10 – 12 months	16,082	11,336
More than 1 year	8,466	–
Total trade receivables	486,139	384,356
Prepayments, deposits and other receivables	518,811	413,539
	<b>1,004,950</b>	797,895

The Group allows an average credit period ranging from 60 to 90 days to its trade customers.

## 16. TRADE AND OTHER PAYABLES

	At 30 June 2007 RMB'000	At 31 December 2006 RMB'000
Trade payables aged:		
0 – 3 months	377,892	487,612
4 – 6 months	87,624	63,140
7 – 9 months	117,566	45,334
10 – 12 months	16,773	36,651
More than 1 year	87,619	70,735
Total trade payables	687,474	703,472
Advances received from customers	686,533	549,463
Accrued charges and other payables	464,905	373,024
	<b>1,838,912</b>	1,625,959

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

## 17. BANK AND OTHER LOANS

During the period, the Group obtained new bank and other loans in the amount of RMB1,095,857,000 (six months ended 30 June 2006: RMB878,000,000) including those arising from acquisition of businesses of RMB107,857,000 (six months ended 30 June 2006: RMB256,216,000) and made repayments in the amount of RMB357,424,000 (six months ended 30 June 2006: RMB567,315,000). The loans bear interest at the range from 2.55% to 6.86% per annum. The proceeds were used to finance the capital expenditure and general working capital of the Group.

At 30 June 2007, certain assets of the Group with aggregate carrying value of RMB114,845,000 (31 December 2006: RMB119,613,000) were pledged as security for loan facilities granted by the banks.

## 18. SHARE CAPITAL

	Number of shares	HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2007 and 30 June 2007	3,000,000,000	300,000
Issued and fully paid:		
At 1 January 2007	973,958,599	97,396
Issue of shares on conversion of convertible bonds	16,790,798	1,679
Exercise of share options	1,700,000	170
At 30 June 2007	992,449,397	99,245

Presented in financial statements as:

	RMB'000
At 1 January 2007	102,825
Issue of shares on conversion of convertible bonds	1,638
Exercise of share options	171
At 30 June 2007	104,634

## 19. CONVERTIBLE BONDS

All the convertible bonds were converted into ordinary shares during the period. The convertible bonds with fair value of RMB27,408,000 as at 30 April 2007, which was based on the valuation carried out by Knight Frank Petty, were converted into 3,678,160 ordinary shares on 30 April 2007. The remaining convertible bonds with fair value of RMB99,830,000 as at 30 April 2007 were converted into 13,112,638 ordinary shares in May 2007. No separate fair value of convertible bonds at each conversion date in May 2007 were prepared as the directors are of the opinion that those fair values were not significantly different from that as at 30 April 2007.

For the six months ended 30 June 2007

## 20. GUARANTEED NOTES

The guaranteed notes of US\$200,000,000 are denominated in US dollars at fixed interest rate of 7.375% per annum due in August 2012. During the period, an exchange gain of RMB40,240,000 (six months ended 30 June 2006: RMB14,519,000) was recognised in respect of the guaranteed notes.

## 21. CAPITAL COMMITMENTS

	At 30 June 2007 RMB'000	At 31 December 2006 RMB'000
Capital expenditure contracted for but not provided in the Interim Financial Statements in respect of acquisition of property, plant and equipment	30,548	32,716
Share of capital expenditure contracted for but not provided in an associate	–	919

## 22. SHARE OPTIONS

The Company has a share option scheme for eligible employees and directors of the Group. Movements of the share options outstanding during the current period are as follows:

	Number of share options
Outstanding at the beginning of the period	59,400,000
Exercised during the period	(1,700,000)
Outstanding at the end of the period	57,700,000

On 17 May 2007, 1,700,000 shares were issued in relation to the exercise of share options. The shares were issued at an exercise price of HK\$2.265 per ordinary share. The market closing prices as at 17 May 2007 was HK\$10.28.

The Group recognised the total expense of RMB11,059,000 for the share options vested during the period (six months ended 30 June 2006: RMB30,317,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

## 23. ACQUISITION OF BUSINESSES

(a) On 18 January 2007, the Group acquired 100% of the registered capital of 蚌埠市高樂登液化氣有限公司 for cash consideration of RMB4,200,000. This transaction has been accounted for using the purchase method of accounting.

The fair value of assets and liabilities acquired in the transaction is set out as follows:

	Carrying amount before combination RMB'000	Fair value adjustment RMB'000	Fair value RMB'000
Net assets acquired:			
Property, plant and equipment	783	197	980
Prepaid lease payments	–	1,616	1,616
Inventories	1,024	–	1,024
Trade and other receivables	506	–	506
Bank balances and cash	303	–	303
Trade and other payables	(1,007)	–	(1,007)
Deferred taxation	–	(453)	(453)
	1,609	1,360	2,969
Goodwill on acquisition			
			1,231
Total consideration			
			4,200
Net cash outflow arising on acquisition:			
Cash consideration paid			(4,200)
Bank balances and cash acquired			303
			(3,897)

The fair value of the property, plant and equipment and the prepaid lease payments is determined provisionally based on professional valuation prepared by an independent firm of professional valuers in Hong Kong. The directors are in the process of reviewing valuation basis and the ultimate fair value of the property, plant and equipment and the prepaid lease payments are expected to be finalised before 31 December 2007.

The subsidiary acquired contributed to the Group's revenue of RMB8,379,000 and contributed to the Group's profit for the period of RMB143,000.

If the acquisition had been completed on 1 January 2007, total Group's revenue for the period would increase by RMB8,379,000 and the Group's profit for the period would increase by RMB143,000.

For the six months ended 30 June 2007

**23. ACQUISITION OF BUSINESSES** (continued)

(b) On 16 April 2007, the Group acquired 100% of the registered capital of 蚌埠市鑫達液化氣有限責任公司 for cash consideration of RMB8,050,000. This transaction has been accounted for using the purchase method of accounting.

The fair value of assets and liabilities acquired in the transaction is set out as follows:

	<b>Carrying amount before combination</b>	<b>Fair value adjustment</b>	<b>Fair value</b>
	RMB'000	RMB'000	RMB'000
Net assets acquired:			
Plant and equipment	517	5,768	6,285
Trade and other payables	(209)	–	(209)
Deferred taxation	–	(1,442)	(1,442)
	308	4,326	4,634
Goodwill on acquisition			3,416
Total consideration			8,050
Cash outflow arising on acquisition:			
Cash consideration paid			(8,050)

The fair value of the plant and equipment amounting to RMB405,000 and RMB5,880,000 are determined provisionally based on professional valuation prepared by an independent firm of professional valuers in Hong Kong and the PRC respectively. The directors are in the process of reviewing valuation basis and the ultimate fair value of the plant and equipment are expected to be finalised before 31 December 2007.

No contribution to the Group's revenue were made by the subsidiary acquired during the period and it contributed a loss of RMB67,000 to the Group's result for the period.

If the acquisition had been completed on 1 January 2007, no revenue for the period would be contributed by the subsidiary and the Group's profit for the period would decrease by RMB213,000.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

## 23. ACQUISITION OF BUSINESSES (continued)

(c) On 26 June 2007, the Group acquired 100% of the registered capital of 杭州蕭山利達管道燃氣有限公司 for cash consideration of RMB93,300,000 (of which RMB10,100,000 was unpaid as at 30 June 2007). This transaction has been accounted for using the purchase method of accounting.

The fair value of assets and liabilities acquired in the transaction is set out as follows:

	Carrying amount before combination RMB'000	Fair value adjustments RMB'000	Fair value RMB'000
Net asset acquired:			
Plant and equipment	5,920	9,208	15,128
Intangible asset – customer base	–	509	509
Inventories	1,779	–	1,779
Trade and other receivables	12,226	–	12,226
Bank balances and cash	21,936	–	21,936
Trade and other payables	(18,018)	–	(18,018)
Deferred taxation	–	(2,179)	(2,179)
	23,843	7,538	31,381
Goodwill on acquisition			61,919
Total consideration			93,300
Satisfied by cash			
Paid			83,200
Unpaid			10,100
			93,300
Net cash outflow arising on acquisition:			
Cash consideration paid			(83,200)
Bank balances and cash acquired			21,936
			(61,264)

The fair value of the plant and equipment and the customer base are determined provisionally based on professional valuation prepared by an independent firm of professional valuers in Hong Kong. The directors are in the process of reviewing the valuation basis and the ultimate fair value of the plant and equipment and the customer base, and identifying the existence of other intangible assets. The directors expect the whole process will be finalised before 31 December 2007.

No contribution to the Group's revenue and profit were made by the subsidiary acquired during the period.

If the acquisition had been completed on 1 January 2007, total Group's revenue for the period would increase by RMB13,635,000 and the Group's profit for the period would increase by RMB1,168,000.

For the six months ended 30 June 2007

**23. ACQUISITION OF BUSINESSES** (continued)

(d) In April 2007, an existing 90% owned subsidiary, 衢州新奧燃氣有限公司, acquired assets and liabilities in relation to the business of piped gas operation in Quzhou City from a third party. The fair value of assets and liabilities acquired is set out as follows:

	<b>Carrying amount before combination</b>	<b>Fair value adjustments</b>	<b>Fair values</b>
	RMB'000	RMB'000	RMB'000
Plant and equipment	8,790	–	8,790
Intangible asset – customer base	–	135	135
Deferred taxation	–	(34)	(34)
	8,790	101	8,891
Goodwill on acquisition			2,899
Total consideration			11,790
Cash outflow arising from acquisition:			
Cash consideration paid			(11,790)

The fair value of the customer base is determined provisionally based on professional valuation prepared by an independent firm of professional valuers in Hong Kong. The directors are in the process of reviewing valuation basis and the ultimate fair value of the customer base is expected to be finalised before 31 December 2007.

The revenue and results of the business acquired for the period between the date of acquisition and the balance sheet date are not presented as the financial records of the acquired business is not kept separately from the books of 衢州新奧燃氣有限公司.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

## 23. ACQUISITION OF BUSINESSES (continued)

(e) In June 2007, an existing 70% owned subsidiary in PRC, 洛陽新奧華油燃氣有限公司, acquired the assets and liabilities in relation to the business of its piped gas operation in Luoyang City from the minority shareholder at a consideration of RMB80,353,000 (of which RMB45,353,000 was unpaid as at 30 June 2007). The fair value of assets and liabilities acquired is set out as follows:

	Carrying amount before combination RMB'000	Fair value adjustments RMB'000	Fair value RMB'000
Property, plant and equipment	177,457	–	177,457
Prepaid lease payments	13,871	–	13,871
Deposits paid for investments in joint ventures	750	–	750
Intangible asset – customer base	–	11,453	11,453
Inventories	10,297	–	10,297
Trade and other receivables	8,459	–	8,459
Bank balances and cash	307	–	307
Trade and other payables	(72,623)	–	(72,623)
Other loan	(107,857)	–	(107,857)
Deferred taxation	–	(1,122)	(1,122)
	30,661	10,331	40,992
Goodwill on acquisition			39,361
Total consideration			80,353
Satisfied by cash			
Paid			35,000
Unpaid			45,353
			80,353
Net cash inflow arising on acquisition:			
Cash consideration paid			(35,000)
Bank balances and cash acquired			307
			(34,693)

For the six months ended 30 June 2007

## 23. ACQUISITION OF BUSINESSES (continued)

(e) (continued)

The fair value of the property, plant and equipment and customer base are determined provisionally based on professional valuation prepared by an independent firm of professional valuers in Hong Kong. The directors are in the process of reviewing valuation basis, the ultimate fair value of the property, plant and equipment and customer base and the existence of other intangible assets are expected to be finalised before 31 December 2007.

No contribution to the Group's revenue and profit were made by the business acquired during the period.

If the acquisition had been completed on 1 January 2007, total Group's revenue would increase by RMB148,636,000 and the Group's profit for the period would increase by RMB7,380,000.

(f) The goodwill arising from the above acquisition of businesses amounted to RMB108,826,000 in aggregate represents the synergy effect arising from the expectation of revenue generated in the new markets by the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

## 24. RELATED PARTY TRANSACTIONS

Nature of transaction	Six months ended	
	2007 RMB'000	2006 RMB'000
Provision of gas connection service to companies controlled by Mr. Wang Yusuo ("Mr. Wang"), the director and major shareholder of the Company	736	682
Sales of gas to		
– companies controlled by Mr. Wang	2,439	757
– a minority shareholder	–	4
– associates	9,139	2,070
– a jointly controlled entity	6,032	11,027
Purchase of gas from		
– jointly controlled entities	44,741	17,082
– an associate	4,499	2,884
Sales of materials to		
– companies controlled by Mr. Wang	8	–
– jointly controlled entities	10,165	5,193
– associates	197	4,765
Lease of premises to companies controlled by Mr. Wang	1,370	1,192
Lease of premises from minority shareholders	122	85
Provision for management services by companies controlled by Mr. Wang	1,216	793
Provision for property management services to a company controlled by Mr. Wang	181	181
Provision for gas transportation services to		
– jointly controlled entities	6,490	15,868
– associates	4,297	2,378

For the six months ended 30 June 2007

## 24. RELATED PARTY TRANSACTIONS (continued)

Nature of transaction	Six months ended	
	2007 RMB'000	2006 RMB'000
Purchase of compressed natural gas truck trailers, pressure regulating and gas equipment from companies controlled by Mr. Wang	99,056	11,203
Deposit for purchase of compressed natural gas track trailers, pressure regulating and gas equipment to companies controlled by Mr. Wang	4,328	32,567
Deposits of purchasing services from		
– a company controlled by Mr. Wang	–	603
– a jointly controlled entity	–	1,411
Provision of decoration services from a company controlled by Mr. Wang	–	3,240
Donation to related party (i)	–	4,000
Loan interest from		
– jointly controlled entities	2,345	1,859
– an associate	2,648	2,290
Provision of transportation services from a company controlled by Mr. Wang	823	–
Provision of hotel service from a company controlled by Mr. Wang	373	–
Payments on behalf of a minority shareholder (ii)	–	3,635
Payments made by a jointly controlled entity on behalf of the Group	415	–
Provision of construction service from a minority shareholder	500	1,457
Loan advance to		
– minority shareholders (iii)	9,022	–
– an associate (note 14)	20,000	26,000
– a jointly controlled entity (note 14)	20,000	69,000

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

## 24. RELATED PARTY TRANSACTIONS (continued)

Notes:

- (i) Donation in last period was made to a non-profit making organisation, 新奧慈善基金會, of which Mr. Wang is the legal representative.
- (ii) Payments made on behalf of minority shareholders during last period were unsecured, interest free and repayable on demand.
- (iii) The loan advances to minority shareholders are unsecured, interest free and repayable on demand.

In addition to above, the compensation to key management personnel during the period is as follows:

	Six months ended	
	2007 RMB'000	2006 RMB'000
Short-term employee benefits	3,019	2,839
Post-employment benefits	44	54
Share-based payments	11,059	20,754
	<b>14,122</b>	<b>23,647</b>

## 25. COMPARATIVE FIGURES

During the year ended 31 December 2006, the Group had made restatements in respect of the subsequent fair value adjustments on acquisition of subsidiaries and the recognition of financial instruments. Details of these restatements are set out in the Group's consolidated financial statements for the year ended 31 December 2006. In addition, the disclosure of share-based payment and segment information has been restated to conform with current period's presentation. Accordingly, the following comparative figures in the condensed consolidated income statement have been restated:

	Six months ended 30 June 2006		
	As originally stated RMB'000	Restatements RMB'000	As restated RMB'000
Administrative expenses	(196,168)	(30,317)	(226,485)
Other income	57,207	52,932	110,139
Fair value changes on convertible bonds	-	(35,448)	(35,448)
Share-based payment expenses	(30,317)	30,317	-
Finance costs	(69,993)	(28,085)	(98,078)
	<b>(239,271)</b>	<b>(10,601)</b>	<b>(249,872)</b>

## DISCLOSURE OF INTERESTS

**Directors' interests or short positions in shares and in share options**

As at 30 June 2007, the interests and short positions of each Director of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), Appendix 10 to the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange, were as follows:

Name of Director	Capacity	Interest in shares			Total interests in shares	Interests in underlying shares pursuant to share options	Total aggregate interests in shares and underlying shares	Approximate percentage of the Company's total issued share capital
		Personal interests	Corporate interests	Family interests				
Mr. Wang Yusuo ("Mr. Wang")	Beneficial owner and interest of controlled corporation	2,394,000 (Note 2)	339,275,000 (Note 1)	-	341,669,000	-	341,669,000	34.43%
Ms. Zhao Baoju ("Ms. Zhao")	Interest of spouse and interest of controlled corporation	-	339,275,000 (Note 1)	2,394,000 (Note 2)	341,669,000	-	341,669,000	34.43%
Mr. Yang Yu	Beneficial owner	282,000	-	-	-	7,000,000	7,282,000	0.73%
Mr. Chen Jiacheng	Beneficial owner	-	-	-	-	6,500,000	6,500,000	0.65%
Mr. Zhao Jinfeng	Beneficial owner	-	-	-	-	6,500,000	6,500,000	0.65%
Mr. Qiao Limin	Beneficial owner	-	-	-	-	6,500,000	6,500,000	0.65%
Mr. Yu Jianchao	Beneficial owner	-	-	-	-	6,500,000	6,500,000	0.65%
Mr. Cheung Yip Sang	Beneficial owner	-	-	-	-	5,700,000	5,700,000	0.57%
Mr. Cheng Chak Ngok	Beneficial owner	-	-	-	-	800,000	800,000	0.08%

## Notes:

1. The two references to 339,275,000 shares relate to the same block of shares. Such shares are held by Xinao Group International Investment Limited ("XGII"), which is beneficially owned as to 50% by Mr. Wang and 50% by Ms. Zhao, the spouse of Mr. Wang.
2. Ms. Zhao, being the spouse of Mr. Wang, is deemed to be interested in these shares held by Mr. Wang.

## OTHER INFORMATION

Details of the Directors' interests in share options granted by the Company are set out under the heading "Directors' rights to acquire shares".

Save as disclosed above, as at 30 June 2007, the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code recorded no other interests or short positions of the Directors in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO).

### Directors' rights to acquire shares

Pursuant to the Company's share option schemes, the Company has granted options on the Company's ordinary shares in favour of certain Directors, the details of which are as follows:

Name of Director	Date of grant	Exercise period (Note 1)	Exercise price (HK\$)	Number of shares subject to outstanding options as at 1 January 2007	Number of shares involved under options exercised during the Period (Note 2)	Number of shares subject to outstanding options as at 30 June 2007 (Aggregate)	Approximate percentage of the Company's total issued share capital (Aggregate)
Mr. Wang	14.02.2003	15.02.2005 – 14.02.2013	2.265	700,000 (Note 3)	700,000	–	–
Ms. Zhao	14.02.2003	15.02.2005 – 14.02.2013	2.265	700,000 (Note 3)	700,000	–	–
Mr. Yang Yu	14.02.2003 15.03.2006 15.03.2006	15.02.2005 – 14.02.2013 16.09.2006 – 15.03.2016 16.03.2008 – 15.03.2016	2.265 6.650 6.650	1,000,000 3,500,000 3,500,000	1,000,000 – –	7,000,000	0.71%
Mr. Chen Jiacheng	15.03.2006 15.03.2006	16.09.2006 – 15.03.2016 16.03.2008 – 15.03.2016	6.650 6.650	3,250,000 3,250,000	– –	6,500,000	0.65%
Mr. Zhao Jinfeng	15.03.2006 15.03.2006	16.09.2006 – 15.03.2016 16.03.2008 – 15.03.2016	6.650 6.650	3,250,000 3,250,000	– –	6,500,000	0.65%
Mr. Qiao Limin	15.03.2006 15.03.2006	16.09.2006 – 15.03.2016 16.03.2008 – 15.03.2016	6.650 6.650	3,250,000 3,250,000	– –	6,500,000	0.65%
Mr. Yu Jianchao	15.03.2006 15.03.2006	16.09.2006 – 15.03.2016 16.03.2008 – 15.03.2016	6.650 6.650	3,250,000 3,250,000	– –	6,500,000	0.65%
Mr. Cheung Yip Sang	15.03.2006 15.03.2006	16.09.2006 – 15.03.2016 16.03.2008 – 15.03.2016	6.650 6.650	2,850,000 2,850,000	– –	5,700,000	0.57%
Mr. Cheng Chak Ngok	15.03.2006 15.03.2006	16.09.2006 – 15.03.2016 16.03.2008 – 15.03.2016	6.650 6.650	400,000 400,000	– –	800,000	0.08%
<b>Total</b>				<b>41,200,000</b>	<b>1,700,000</b>	<b>39,500,000</b>	

## Notes:

1. The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
2. "Period" refers to the period from 1 January 2007 to 30 June 2007.
3. Ms. Zhao, being the spouse of Mr. Wang, is deemed to be interested in these share options which were granted by the Company to Mr. Wang.

The fair value per share option is provided in Note 22 to the Financial Statements.

Save as disclosed above, at no time during the period from 1 January 2007 to 30 June 2007 (the "Period") was the Company or its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

**SUBSTANTIAL SHAREHOLDERS**

As at 30 June 2007, the interests and short positions of every person, other than Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholder	Capacity	Interest in shares			Total interests in shares	Interests in underlying shares pursuant to share options	Total aggregate interests in shares and underlying shares	Approximate percentage of the Company's total issued share capital
		Personal interests	Corporate interests	Family interests				
Mr. Wang	Beneficial owner and interest of controlled corporation	2,394,000 (Note 2)	339,275,000 (Note 1)	-	341,669,000	-	341,669,000 (L)	34.43%
Ms. Zhao	Interest of spouse and interest of controlled corporation	-	339,275,000 (Note 1)	2,394,000 (Note 2)	341,669,000	-	341,669,000 (L)	34.43%
XGII	Beneficial owner	-	339,275,000 (Note 1)	-	339,275,000	-	339,275,000 (L)	34.19%
Capital Research and Management Company	Investment Manager	-	91,587,000	-	91,587,000	-	91,587,000 (L)	9.23%

## OTHER INFORMATION

Name of shareholder	Capacity	Interest in shares			Total interests in shares	Interests in underlying shares pursuant to share options	Total aggregate interests in shares and underlying shares	Approximate percentage of the Company's total issued share capital
		Personal interests	Corporate interests	Family interests				
JPMorgan Chase & Co	Investment Manager and custodian corporation/approved lending agent	-	78,114,307	-	78,114,307	-	78,114,307 (L) (including 60,177,460 (P))	7.87%
Penta Investment Advisers Ltd	Investment Manager	-	97,543,768 (Note 3)	-	97,543,768	-	97,543,768 (L)	9.82%
Mr. John Zwaanstra	Interest of controlled corporation	-	97,543,768 (Note 3)	-	97,543,768	-	97,543,768 (L)	9.82%
Commonwealth Bank of Australia	Interest of controlled corporation	-	59,098,000	-	59,098,000	-	59,098,000 (L)	5.95%

## Notes:

1. The three references to 339,275,000 shares relate to the same block of shares. Such shares are held by XGII which is beneficially owned as to 50% by Mr. Wang and 50% by Ms. Zhao, the spouse of Mr. Wang.
2. Ms. Zhao, being the spouse of Mr. Wang, is deemed to be interested in these shares held by Mr. Wang.
3. The two references to 97,543,768 shares relate to the same block of shares. Such shares are held by Penta Investment Advisers Ltd., which is 100% owned by Mr. John Zwaanstra, in the capacity of an investment manager.
4. (L) represents Long Position; (P) represents Lending Pool.

Save as disclosed above, as at 30 June 2007, the register maintained by the Company pursuant to section 336 of the SFO recorded no other interests or short positions in shares and underlying shares of the Company. Save for the shareholders as disclosed herein, the Directors are not aware of any persons who, as at 30 June 2007, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

**SHARE OPTION SCHEME**

The Company has adopted a share option scheme (the "2002 Scheme") pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company held on 21 May 2002.

The following table discloses details of the Company's share options held by the employees (including Directors) and movements in such holdings under the 2002 Scheme during the Period:

Grantee	Date of grant	Exercise period (Note 1)	Exercise price (HK\$)	Number of shares subject to outstanding options as at 1 January 2007	Number of shares involved under options exercised during the Period (Note 2)	Number of shares subject to outstanding options as at 30 June 2007 (Aggregate)	Approximate percentage of the Company's total issued share capital (Aggregate)
Directors	14.02.2003	15.02.2005 – 14.02.2013	2.265	1,700,000	1,700,000	39,500,000	3.98%
	15.03.2006	16.09.2006 – 15.03.2016	6.650	19,750,000	–		
	15.03.2006	16.03.2008 – 15.03.2016	6.650	19,750,000	–		
Employees	15.03.2006	16.09.2006 – 15.03.2016	6.650	9,100,000	–	18,200,000	1.83%
	15.03.2006	16.03.2008 – 15.03.2016	6.650	9,100,000	–		
Total				59,400,000	1,700,000	57,700,000	5.81%

Notes:

1. The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
2. "Period" refers to the period from 1 January 2007 to 30 June 2007.

No share option was lapsed or cancelled during the Period.

The fair value per share option is provided in Note 22 to the Financial Statements.

**PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## OTHER INFORMATION

### AUDIT COMMITTEE

The Company established an Audit Committee on 28 March 2001. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters. Members of the Audit Committee are Mr. Wang Guangtian, Ms. Yien Yu Yu, Catherine and Mr. Kong Chung Kau, who are all independent non-executive Directors. An audit committee meeting was held in September 2007 to review the unaudited interim financial report for the six months ended 30 June 2007. Deloitte Touche Tohmatsu, the Group's external auditors, have carried out a review of the unaudited interim financial report for the six months ended 30 June 2007 in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

### THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standards set out in the Model Code set out in Appendix 10 to the Listing Rules. Specific enquiries have been made with all Directors who have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding Directors' securities transactions during the Period.

### THE CODE ON CORPORATE GOVERNANCE PRACTICES

To the knowledge of the Board, the Company has complied with the Code Provisions set out in Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the Period except a deviation from Code Provision E.1.2 because the Chairman of the Board was unable to attend the annual general meeting of the Company held on 29 May 2007 due to business trip. Alternatively, Mr. Yang Yu, the Chief Executive Officer of the Company, attended the said annual general meeting.

### LOAN AGREEMENTS IMPOSING SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDERS

According to the US\$25,000,000 Loan Agreement entered into by the Company and the subsequent amendment thereto, Mr. Wang Yusuo, the controlling shareholder of the Company, is required to retain at least 27% of the total issued share capital of the Company throughout the term of the loan agreement, which is 5 years from 18 May 2004. The Company issued 7 year bonds on 5 August 2005 and the terms and conditions of the bonds require Mr. Wang Yusuo, the controlling shareholder of the Company, to retain control over the Company throughout the term of the bonds. The total amount of the loan involved is US\$200,000,000 (equivalent to RMB1,614,040,000).

### INTERESTS IN COMPETITORS

During the Period, none of the Directors or the management shareholders of the Company or their respective associates had an interest in a business which competes or may compete with the business of the Group.

By the order of the Board

**WANG Yusuo**

*Chairman*

Hong Kong, 18 September 2007



**新奥燃气控股有限公司**  
**XinAo Gas Holdings Limited**

Rooms 3101-03, 31/F., Tower 1, Lippo Centre,  
No.89 Queensway, Hong Kong  
香港金鐘道89號力寶中心第一期31樓3101-03室

Tel 電話 (852) 2528 5666

Fax 傳真 (852) 2865 7204

Website 網址 [www.xinaogas.com](http://www.xinaogas.com)

E-mail 電子郵箱 [xinao@xinaogas.com](mailto:xinao@xinaogas.com)