

**[For Immediate Release]**

**XINAO GAS ESTABLISHES A WHOLLY OWNED SUBSIDIARY IN LUAN CITY,  
ANHUI PROVINCE**

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**GAS PROJECTS IN ANHUI PROVINCE INCREASE TO 3  
GAS PROJECTS NOW REACH 23 IN TOTAL**

(Hong Kong, 8 July 2002) – The privately-owned PRC piped gas distributor, Xinao Gas Holdings Limited (“Xinao Gas” or the “Group”) (stock code: 2688) announced that its has established a wholly owned in Luan City, Anhui Province – Luan Xinao Gas Company Limited (“Luan Xinao”). The company has an operational period of 30 years.

Luan Xinao is a foreign enterprise established by Xinao Anhui Investment Limited, a wholly owned subsidiary of Xinao Gas. The registered capital of Luan Xinao is RMB20 million (approximately HK\$18.69 million). Xinao Gas Investment Limited owns 100% interest in Luan Xinao. Approval from the relevant foreign trade and economic co-operation department as well as the business registration have been obtained for this project. Luan Xinao will have the exclusive rights to operate piped gas business in Luan City district.

Mr. Wang Yusuo, Chairman of Xinao Gas, said, “We are very pleased that we have secured another new project in Anhui Province, which is a crucial market serviced by the West to East Pipelines. Together with Bengbu and Chuzhou, the Group has a total of three projects in Anhui Province. The total investment of the Luan project amounts to RMB40 million (approximately HK\$37.38 million). The total installed and designed daily capacity for the first phase is expected to reach 100,000 cubic metres and Luan Xinao is expected to start supplying gas to the Luan City centre by the end of this year”

Luan City is located in the Western part of Anhui Province, with a total of 188 villages and towns. It has an area of 17,976 sq. km and a total population of 6.6 million, which includes an urban population of approximately 231,000.

Mr. Wang remarked, “During the first half of 2002, Xinao Gas has obtained 7 new projects located in 5 cities and 2 counties including Yancheng, Huaian, Haian, Anji, Chuzhou, Rizhao and Luan. The Group’s piped gas distribution projects now reach 23 locations with a total population coverage of over 5.5 million. I believe that our new project development plans for the year will be realised successfully. We will also strive to increase the penetration rate of the exiting gas projects, to match with the government policy of encouraging the use of clean energy in the country, and in turn to reward our shareholders and investors with bright achievement.”

*-End-*

### **About Xinao Gas Holdings Limited**

Xinao Gas is mainly engaged in the investment in, and the operation and management of gas pipeline infrastructure, and the sale and distribution of piped gas. The Group’s other business activities include the sale of gas appliances and equipment, the manufacture of stored value card gas meters, as well as the provision of repair and maintenance services. Currently, the Group operates businesses at 23 locations including Anhui Province, Beijing Municipality, Hebei Province, Jiangsu Province, Liaoning Province, Shandong Province and Zhejiang Province.

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