

**Xinao Gas Enters Into US\$45 Million Term Loan Facility Agreement  
To Develop Natural Gas Projects In Large PRC Cities**

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**Enhancing Strength For Further Development****Bringing Maximum Returns To Shareholders**

Xinao Gas Holdings Limited ("Xinao Gas") (Stock Code: 2688) is pleased to announce that general syndication for its 3-year US\$45 Million Term Loan Facility (the "Facility") has been successfully closed with an oversubscription. The proceeds will be used for financing part of its capex requirements in relation to the expansion of its piped gas network in China by building additional gas stations and gas pipelines. The interest margin for the Facility is 1.45% per annum.

The Facility was well-received by the market in general syndication. ABN AMRO Bank N.V., CITIC Ka Wah Bank Limited and Bank of China (Hong Kong) Limited, have been joined by China Minsheng Banking Corporation Limited, Shenzhen Branch, KBC Bank N.V. Hong Kong as Coordinating Arrangers. Total Commitments have exceeded US\$55 million. In view of the favourable response in the general syndication, Xinao Gas has decided to increase the final facility amount to US\$45 million from the initial US\$35 million.

The syndicate comprises 9 financial institutions from different nationalities including Belgium, China, Hong Kong, Malaysia, Netherlands and Singapore. The list of participating banks together with their respective final allocation is as follows:-

<b><u>Coordinating Arrangers</u></b>	<b><u>Final Allocation (US\$)</u></b>
ABN AMRO Bank N.V	5,000,000
CITIC Ka Wah Bank Limited	5,000,000
Bank of China (Hong Kong) Limited	5,000,000
China Minsheng Banking Corporation Limited, Shenzhen Branch	10,000,000
KBC Bank N.V., Hong Kong	5,000,000
<b><u>Arrangers</u></b>	
Bank of China, Macau Branch	4,500,000
Oversea-Chinese Banking Corporation Limited	4,500,000

**Senior Managers**

Guangdong Development Bank Macau Branch	3,000,000
Maybank Shanghai Branch	3,000,000
<b>Total</b>	<b>45,000,000</b>

Signing of the Facility will be held in Hong Kong on August 22, 2003.

One of the coordinating arrangers said, “The Facility was well-received by the market in general syndication. We are glad that we can share in the opportunity to invest in the downstream markets of natural gas in the PRC by joining this Facility. We believe that further success will be achieved in the future with the continuous hard work of Xinao Gas’ management.”

Mr. Wang Yusuo, Chairman of Xinao Gas, said, “The proceeds of the Facility will be used for financing the development of large gas projects by building new gas pipeline network and stations. The proceeds will also be used for general working capital. To accommodate the Group’s rapid growth, we will allocate internal resources more efficiently and effectively to maximize shareholders’ value.”

Mr. Wang continued, “Ever since our listing, Xinao Gas has concentrated on expanding piped natural gas business. Now we have 33 gas projects in the PRC covering a total connectable urban population of over 16 million. We are confident in our future, and we will continue with our pragmatic development strategies and seize the great opportunities in the natural gas markets in the PRC to maximize returns to shareholders.”

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## **Xinao Gas Holdings Limited**

Xinao Gas is one of the first non-state-owned piped gas distributors in the PRC. The principal business of the Group is the investment in, and the operation and management of, gas pipeline infrastructure and the sale and distribution of piped gas and liquefied petroleum gas in the PRC. Its business activities also consist of the sale of gas appliances and equipment, the production of stored-value card gas meters and the provision of repair, maintenance and other services in connection with gas supply.

Currently, the Group has 33 project cities in Anhui Province, Beijing Municipality, Hebei Province, Henan Province, Jiangsu Province, Liaoning Province, Shandong Province, Zhejiang Province, Hunan Province and Guangdong Province.

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