

[For Immediate Release]

**XINAO GAS SUCCESSFULLY OBTAINS EXCLUSIVE RIGHTS TO OPERATE PIPED  
GAS BUSINESS IN CHUZHOU CITY, ANHUI PROVINCE AND ANJI COUNTY,  
ZHEJIANG PROVINCE**

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**NUMBER OF GAS PROJECTS REACHES A TOTAL OF 21**

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**SUCCESSFULLY ENTERS ZHEJIANG PROVINCE GAS MARKET  
CONTINUES TO DEVELOP VAST WEST TO EAST PIPELINES MARKET**

(Hong Kong, 19 June 2002) – The privately-owned piped gas distributor in the PRC, Xinao Gas Holdings Limited (“Xinao Gas” or the “Group”) (stock code: 2688) announced that it has successfully obtained the exclusive rights to operate piped gas business in Anji County in Zhejiang Province and Chuzhou City in Anhui Province. The Group will set up two Sino-foreign joint ventures, Anji Xinao Gas Company Limited (“Anji Xinao”) and Chuzhou Xinao Gas Company Limited (“Chuzhou Xinao”), to distribute piped natural gas to Anji County and Chuzhou City. The operational period for each of them is 30 years.

Chuzhou Xinao is a Sino-foreign joint venture established by Xinao Anhui Investment Limited, a wholly-owned subsidiary of Xinao Gas, and Chuzhou City Infrastructure Construction Company Limited (滁州市城市基礎設施開發建設有限公司). The registered capital of the joint venture is USD7.1 million (approximately HK\$55.38 million). Xinao Gas owns a 90% interest in the joint venture while the balance is held by Chuzhou City Infrastructure Construction Company Limited.

Anji Xinao is a Sino-foreign joint venture established by Xinao Gas’s wholly-owned subsidiary, Zhejiang Xinao Investment Limited, and Anji Fengling LNG Company (安吉豐陵液化氣公司). The total investment of the joint venture is USD2 million (approximately HK\$15.6 million) while its registered capital is USD1.5 million (approximately HK\$11.7 million). Xinao Gas holds 90% interest in Anji Xinao with Anji Fengling LNG Company holding the remaining 10%.

Mr. Wang Yusuo, Chairman of Xinao Gas commented, “In addition to our project in Bengbu, we are pleased to obtain this new project in Anhui Province which signifies a breakthrough to our total number of projects which has now exceeded 20, and we are also pleased with our rapid pace of business development in the enormous West to East Pipelines market. The smooth negotiation process of the Chuzhou City project not only demonstrates the confidence of the Chuzhou City Government in Xinao Gas, but also helps to realise the Group’s ongoing target to develop gas projects in the PRC.”

“In addition, the Bengbu project has commenced gas supply last month. It is not only the first city of the Group using LNG as city piped gas fuel, but also the largest among the Group’s projects. It will contribute significant income growth to the Group after the new installed equipment commences operation.”

Chuzhou City, administered by Anhui Province, is located in the eastern part of the province. It is also close to Nanjing in Jiangsu Province. It is a newly-developed city specialising in engineering, electronics and light industries, the total population of the city is about 4.25 million with urban population amounting to approximately 280,000.

Mr. Wang continued, “I am delighted with Xinao Gas’s business expansion in Zhejiang Province. Anji County is the Group’s first gas project in Zhejiang Province. Leveraging our business model, we believe the Group will be able to obtain further gas distribution rights in the province to further develop this enormous market.”

Anji County is located in the northwest part of Zhejiang Province and is administered by Huzhou City. The total population for Anji County is around 450,000 with urban population amounting 120,000.

Currently, Xinao Gas has secured gas projects in 21 locations with a population coverage of over 5 million.

Mr. Wang concluded, “The business of Xinao Gas is developing well with sufficient capital. Through the efforts of all our staff, we believe the Group can achieve even better performances in the future, bringing desirable returns to shareholders and investors.”

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#### **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 in 21 destinations including Anhui Province, Beijing Municipality, Hebei Province, Jiangsu Province, Liaoning Province, Shandong Province and Zhejiang Province. Xinao Gas transferred its listing status from GEM to the Main Board on 3 June 2002.

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