

[FOR IMMEDIATE RELEASE]

**XINAO GAS ENTERS US\$30 MILLION AMORTIZING TRANSFERABLE LOAN
FACILITY AGREEMENT WITH A SYNDICATE OF EIGHT BANKS**

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TO DEVELOP NATURAL GAS PROJECTS IN LARGE PRC CITIES

(Hong Kong, September 16, 2002) –The privately-owned PRC piped gas distributor, Xinao Gas Holdings Limited (“Xinao Gas” or the “Group”) (stock code: 2688) today signed an US\$30 million 3-year amortizing transferable loan facility agreement with a syndicate of 8 banks. The interest rate for the loan is based on the London Inter-Bank Offered Rate for US. Dollars plus 1.6%.

This syndicated loan facility for Xinao Gas is led by Fleet National Bank as the coordinating arranger. Other syndicate members include local banks in Hong Kong, Asian and European banks.

Xinao Gas’s success in obtaining this syndicated loan facility demonstrates the confidence of these financial institutions in its future outlook.

In the signing ceremony, Mr. Yan Sheng, Managing Director and Country Manager for Greater China of Fleet National Bank, the coordinating arranger, said, “Xinao Gas is a company with impressive results and great initiative. With its distinguished operating style and excellent future prospects, Xinao Gas is a valuable client. The 3-year syndicated loan has received enthusiastic joint support from many banks, which are keen to assist Xinao Gas in its future development. We believe that, with the continuous hard work of Xinao Gas’s management, further successes will be achieved in the future.”

Mr. Wang Yusuo, Chairman of Xinao Gas, said, “Ever since our listing last year, Xinao Gas has concentrated on expanding the piped natural gas business, with a focus on maximizing returns to our investors as our most important task. Natural gas is safe, environmentally friendly and cost efficient, has been strongly promoted by the government and is well received by customers. The Group is developing its long-term strategy based on these highlights and opportunities. Currently, the number of locations where the Group obtained natural gas projects has increased to 24, covering a total population of 6.5 million. These figures are updating rapidly as we continue to make every effort to acquire more quality projects.”

Mr. Wang continued, “To accommodate the Group’s rapid growth, we need to seek various financing sources, and allocate internal resources efficiently and effectively, therefore maximizing shareholders’ value. The Group will make proper use of this loan to achieve the best results in developing our natural gas projects and maximizing returns to shareholders.”

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ABOUT XINAO GAS HOLDINGS LIMITED

Xinao Gas is mainly engaged in the investment, 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 24 locations including Anhui Province, Beijing Municipality, Hebei Province, Henan Province, Jiangsu Province, Liaoning Province, Shandong Province and Zhejiang Province, with a total of 23 gas projects. (The Xincheng project is operated by Huludao Xinao)

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