

**XinAo Gas Announces Successful Completion of Share Placement  
Raising HK\$468 Million at HK\$3.84 per Share**

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**Net Proceeds Be Invested in  
New Piped Gas Distribution Projects and CNG Gas Stations**

(Hong Kong, 10 February 2004)- XinAo Gas Holdings Limited (“XinAo Gas” or “the Group”) (Stock code: 2688), a privately-owned piped gas distributor in the PRC, announced that it successfully placed 122 million existing shares to professional, institutional and other investors.

XinAo Gas has raised approximately HK\$468 million through the placing and subscription of 122 million existing shares and new shares respectively. The placing price is HK\$3.84 per share. At the same time, the major shareholder subscribes 122 million new shares of XinAo Gas at the same price after deducting all placing and subscription expenses. The placing agent is The Hongkong and Shanghai Banking Corporation Limited. The placing price represents a discount of approximately 8.0% to the closing price of HK\$4.175 per Share as quoted on the Stock Exchange on 6 February 2004 and a discount of 7.2% to the average closing price of approximately HK\$4.138 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 6 February 2004.

Mr. Wang Yusuo, Chairman of XinAo Gas, said, “The decision for the placement was based on the needs of project development and the Group’s long term development plans. Through this placement, the Group not only strengthens its shareholders base, capital base and Group capabilities, but also consolidates the foundations for the Group’s existing and future business development. This placement has got good feedback with 3 times subscription, mainly from the professional and institutional investors in Asia, the United States and Europe. We are very pleased that the shares have been successfully allocated to professional and institutional investors.”

The 122 million placing shares equals approximately 16.55% of the existing issued share capital of XinAo Gas, or approximately 14.20% of the issued capital as enlarged by the subscription. After completion of the placing and the subscription, the shareholding of Easywin Enterprises Limited, the major shareholder of XinAo Gas, decreases from 55.77% to 47.85%. The amount of net proceeds from the placing is approximately HK\$468 million. Approximately HK\$335 million will be used for investment in new piped gas distribution

projects and construction and operation of natural gas stations for usage primarily by public transportation. The balance will be used for the Group's general working capital.

Mr. Wang concluded, "Looking ahead, the Group will continue to explore the gas market in the PRC. While continuing to develop new projects, we will also have large scale brand name promotion with our new logo, so as to increase our image value and fully utilize our brand name's influence and appeal. We will exert ourselves in becoming the best brand name in the Chinese city gas distribution market."

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### **Xinao Gas Holdings Limited**

Xinao Gas is one of the first privately-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 LPG 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.

As at the end of 2003, the Group had 39 project cities in Anhui Province, Beijing Municipality, Guangdong Province, Hebei Province, Henan Province, Hunan Province, Jiangsu Province, Liaoning Province, Shandong Province and Zhejiang Province, covering a total urban population of over 18.5 million.

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