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**新奥燃气控股有限公司**  
**XinAo Gas Holdings Limited**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2688)**

*(Website: www.xinaogas.com)*

**EXERCISE OF OPTION IN CONNECTION WITH  
THE ISSUE OF HK\$475,000,000 ZERO COUPON  
CONVERTIBLE BONDS DUE 2009  
CONVERTIBLE INTO ORDINARY SHARES OF  
XINAO GAS HOLDINGS LIMITED**

Reference is made to the announcement of XinAo Gas Holdings Limited (the “Issuer”) dated 26 October 2004 in relation to the issue by the Issuer of HK\$475,000,000 in aggregate principal amount of the Firm Bonds (the “Announcement”). Capitalised terms used herein shall have the same meaning as ascribed thereto in the Announcement.

Further to the Announcement, the directors of the Issuer announce that on 29 November 2004 Deutsche Bank AG London (the “Lead Manager”) irrevocably exercised the option pursuant to the subscription agreement dated 25 October 2004 between the Issuer and the Lead Manager requiring the Issuer to issue a further HK\$75,000,000 in aggregate principal amount of the Optional Bonds. The aggregate principal amount of the Firm Bonds and the Optional Bonds will be HK\$550,000,000 when the Optional Bonds are issued on the option closing date, which is expected to be 2 December 2004. The Optional Bonds will be issued on the same terms as, and will rank *pari passu* with, the Firm Bonds.

**As the closing of the Optional Bonds is still subject to conditions precedent, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.**

By Order of the Board  
**XINAO GAS HOLDINGS LIMITED**  
**CHENG Chak Ngok**  
*Executive Director and Company Secretary*

Hong Kong, 29 November 2004

*As at the date of this announcement, the Board comprises nine executive Directors, namely Mr. WANG Yusuo (Chairman), Mr. YANG Yu (Chief Executive Officer), Mr. CHEN Jiacheng, Mr. ZHAO Jinfeng, Mr. QIAO Limin, Mr. JIN Yongsheng, Mr. YU Jianchao, Mr. CHEUNG Yip Sang and Mr. CHENG Chak Ngok; one non-executive Director, namely Ms. ZHAO Baoju; and three independent non-executive Directors, namely Mr. WANG Guangtian, Mr. XU Liang and Ms. YIEN Yu Yu, Catherine.*

*Please also refer to the published version of this announcement in  
The Standard and Hong Kong Economic Times.*