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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](http://www.xinaogas.com))*

## **DISCLOSURE PURSUANT TO RULE 13.09 OF THE LISTING RULES**

### **PROPOSED ISSUE OF GUARANTEED NOTES**

The Board wishes to announce the proposal for the Company to issue the Notes, being guaranteed notes due 2012, which will be unconditionally and irrevocably guaranteed by the Guarantor Subsidiaries, each a wholly-owned subsidiary of the Company.

None of the Notes will be offered to the public in Hong Kong. It is intended that an application will be made to list the Notes as selectively marketed securities on the Hong Kong Stock Exchange.

The Preliminary Offering Circular to be distributed to prospective investors in the Notes will contain certain financial and other information relating to the Group not previously disclosed to shareholders of the Company, a summary of which is set out below.

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### **USE OF PROCEEDS**

The net proceeds from the issue of the Notes is currently intended to be used for business expansion, including construction of compressed natural gas vehicle refuelling stations and acquisition of new projects, and for general corporate purposes of the Group, including refinancing of existing debts.

### **CERTAIN FINANCIAL AND OTHER INFORMATION RELATING TO THE GROUP NOT PREVIOUSLY DISCLOSED**

In connection with the proposed issue of the Notes, the Company and the Lead Manager are in the process of preparing the Preliminary Offering Circular which is expected to be distributed to prospective professional investors in connection with the arrangements for marketing the issue of the Notes. The Preliminary Offering Circular to be distributed to prospective investors in the Notes will contain certain financial and other information relating to the Group not previously disclosed to shareholders of the Company, a summary of which is set out below:

The Company expects its consolidated revenues for the six months ended 30 June 2005 to exceed its consolidated revenues for the six months ended 30 June 2004. The Company's consolidated revenues for the six months ended 30 June 2004 are RMB587 million (equivalent to approximately HK\$554 million). The increase in consolidated revenues for the first half of 2005 was mainly driven by increases in piped gas sales, connection fees and sales of gas appliances.

The revenue from piped gas sales of the Group is estimated to be RMB335 million (equivalent to approximately HK\$316 million) for the six months ended 30 June 2005, compared with RMB195 million (equivalent to approximately HK\$184 million) for the six months ended 30 June 2004. Revenue from piped gas sales of the Group accounts for a larger portion of total revenues for the six months ended 30 June 2005 compared with the same period in 2004.

The foregoing information was prepared with a view to complying with the guidelines established by the Hong Kong Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The Company's actual results may differ from such prospective financial information and such differences may be material.

As at 30 June 2005, the Company's unaudited consolidated indebtedness was RMB2,183 million (equivalent to approximately HK\$2,059 million). On an adjusted basis as of 30 June 2005, after giving effect to the offering of the Notes, the Company's unaudited consolidated indebtedness was RMB3,423 million (equivalent to approximately HK\$3,229 million).

As at 30 June 2005, the Group's short-term borrowings (comprising bank and other borrowings – current portion) amounted to RMB888 million (equivalent to approximately HK\$838 million).

As at 30 June 2005, the Group's long term borrowings (comprising bank and other borrowings – non-current portion and the aggregated outstanding principal amount and accrued premium of the Convertible Bonds amounted to RMB1,295 million (equivalent to approximately HK\$1,222 million). As at 30 June 2005, the aggregate outstanding amount of the Convertible Bonds was HK\$540 million.

In the six months ended 30 June 2005, the Group secured four additional projects in Guangdong, Zhejiang and Henan. In particular, the Luoyang project in Henan Province represents the first joint venture between the

Group and its strategic partner, China Huayou Group, a subsidiary of China National Petroleum Corporation. The Group intends to leverage its existing resources including gas stations, pipeline networks, gas sources, human resources and brand name to expand this business in its operational locations. The Group intends to set up around 50 compressed natural gas stations in the Group's existing gas projects in 2005.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following capitalised terms shall have the following meanings:

“Board”	The board of Directors.
“Convertible Bonds”	The HK\$550 million zero coupon convertible bonds due 2009 issued by the Company on 15 November 2004.
“Company”	Xinao Gas Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability.
“Director(s)”	The director(s) of the Company.
“Group”	The Company and its subsidiaries.
“Guarantor Subsidiary(ies)”	Guarantor subsidiaries of the Company which are primarily holding companies that operate through subsidiaries. The Notes will not be guaranteed by any of the Company's subsidiaries incorporated and/or operating in the PRC. Initially, there will be 22 Guarantor Subsidiaries.
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC.
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Lead Manager”	Deutsche Bank AG, Singapore Branch.
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.
“Notes”	The guaranteed notes due 2012 proposed to be issued by the Company and guaranteed by the Guarantor subsidiaries.

“PRC”	The People’s Republic of China.
“Preliminary Offering Circular”	The preliminary offering circular to be issued by the Company in connection with the proposed issue of the Notes.
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong.
“RMB”	Renminbi, the lawful currency of the PRC.

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

Hong Kong, 21 July 2005

*In this announcement, the following exchange rate has been used:*

*HK\$1.00 = RMB1.06*

*As at the date of this announcement, the Board comprises of 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, Ms. Yien Yu Yu, Catherine and Mr. Kong Chung Kau.*

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