



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)

PROPOSED PLACEMENT OF EXISTING SHARES

The Board announces that it has been informed by XGII, the controlling shareholder of the Company, that it had entered into the Placing Agreement with UBS (an independent third party not connected with the Directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates) on 3 March 2006 pursuant to which XGII agreed to sell, and UBS agreed as agent of XGII, on a best efforts basis, to procure purchasers for the purchase of, 45,211,000 existing shares in the Company legally and beneficially owned by XGII, representing approximately 5.00% of the total issued share capital of the Company as at the date of this announcement for a cash consideration of HK\$6.20 per Sale Share. In view of the Disposal, the Board anticipates that there will be an increase in the trading volume of the Shares on 6 March 2006.

Proposed placing of the Sale Shares by XGII

The Board announces that it has been informed by XGII, the controlling shareholder of the Company, that XGII had entered into the Placing Agreement with UBS on 3 March 2006 pursuant to which XGII agreed to sell, and UBS agreed as agent of XGII, on a best efforts basis, to procure purchasers for the purchase of, the Sale Shares subject to the terms and conditions therein, representing approximately 5.00% of the total issued share capital of the Company as at the date of this announcement.

As at the date of this announcement, the total issued share capital of the Company is 904,233,560 Shares. The Directors have been informed by XGII that as at the date of this announcement, XGII beneficially holds 384,486,000 Shares, representing approximately 42.52% of the total issued share capital of the Company as at the date of this announcement. After the Disposal which is expected to complete on 7 March 2006 (being two trading days after 3 March 2006), XGII will beneficially hold 339,275,000 Shares, representing approximately 37.52% of the total issued share capital of the Company as at the date of this announcement. As far as the Directors are aware, no new substantial shareholders of the Company will be introduced as a result of the Disposal.

Consideration

The consideration for the Sale Shares is HK\$6.20 per Sale Share, representing (i) a discount of approximately 6.1% over the closing price of HK\$6.60 per Share as quoted on the Stock Exchange on 3 March 2006, being the last trading day of the Shares prior to the publication of this announcement; and (ii) a discount of approximately 5.1% over the average closing price of HK\$6.53 per Share as quoted on the Stock Exchange for the last five trading days up to and including 3 March 2006, being the last trading day of the Shares prior to the publication of this announcement.

Anticipated increase in trading volume of the Shares

In view of the Disposal, the Board anticipates that there will be an increase in the trading volume of the Shares on 6 March 2006.

General

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, Ms. Yien Yu Yu, Catherine and Mr. Kong Chung Kau.

Definitions

“Board”	the board of Directors
“Company”	XinAo Gas Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares pursuant to the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“Placing Agreement”	a conditional placing agreement dated 3 March 2006 entered into by XGII as vendor and UBS as placing agent in relation to the Disposal
“Sale Share(s)”	45,211,000 existing Shares beneficially owned by XGII
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UBS”	UBS AG, a company incorporated in Switzerland with limited liability whose principal place of business in Hong Kong is at 52nd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, and an independent third party not connected with the Directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules)
“XGII”	Xinao Group International Investment Limited, a company incorporated in the British Virgin Islands with limited liability which is owned as to 50% by Mr. Wang Yusuo, the chairman of the Company and an executive Director and 50% by Ms. Zhao Baoju, the spouse of Mr. Wang Yusuo and the non-executive Director
“HK\$”	Hong Kong dollars
“%”	per cent.

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

Hong Kong, 3 March 2006