



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “Meeting”) of XinAo Gas Holdings Limited (the “Company”) will be held at Ballroom, Level 3, JW Marriott Hotel Hong Kong, 1 Pacific Place, 88 Queensway, Hong Kong on Tuesday, 23 May 2006 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 December 2005;
2. To declare a final dividend;
3. To re-elect retiring directors and to authorise the board of directors to fix the directors’ fees;
4. To re-appoint the auditors and to authorise the board of directors to fix their remuneration; and
5. As special business to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

A. “THAT:

- (a) subject to paragraph (c) below, and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with any unissued shares in the capital of the Company and to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such power after the end of the Relevant Period (as hereinafter defined);
- (c) the aggregate nominal value of the share capital allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares upon the exercise of the subscription rights attaching to any warrants which may be issued by the Company from time to time; or (iii) an issue of shares upon the exercise of options which may be granted under any option scheme or similar arrangement for the time being adopted or to adopt for the grant or issue to any officers, employees and/or directors of the Company and/or any of its subsidiaries and/or any other participants of such scheme or arrangement of shares or rights to acquire shares; or (iv) any scrip dividend scheme or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company; or (v) a specific authority granted by the shareholders of the Company in general meeting, shall not exceed 20 per cent. of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of this Resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution:
“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
 - (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the directors of the Company by this Resolution; and

(c) Article 80

By deleting the full-stop at the end of sub-paragraph (d), replacing therewith a semicolon and the word “or” and inserting the following new sub-paragraph (e) :

“(e) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.”

(d) Article 81(a)

By inserting the following sentence at the end of the last sentence thereof:

“The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the Listing Rules.”

(e) Article 99

By deleting the existing Article 99 in its entirety and substituting therefor the following new Article and its marginal note:

Board may fill vacancies appoint additional Directors

99. “The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board), and shall then be eligible for re-election at the general meeting.”;

(f) Article 106(vii)

By deleting the words “special resolution” in the first and second lines of Article 106(vii) and replacing them with the words “ordinary resolution”; and

(g) Article 122(a)

By deleting the existing Article 122(a) in its entirety and substituting therefor the following new Article and its marginal note:

Power to remove Director by ordinary resolution

122.(a) “The Company may by ordinary resolution at any time remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead. Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed.”

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

Hong Kong, 28 April 2006

Principle place of business in Hong Kong:
Rooms 3101-03, 31st Floor
Tower One, Lippo Centre
89 Queensway
Hong Kong

Notes:

1. Every shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a shareholder of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. Completion and delivery of the form of proxy will not preclude a shareholder of the Company from attending and voting at the Meeting if the shareholder of the Company so desires.
4. Where there are joint registered holders of any share in the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members in respect of the relevant joint holding.
5. For the purpose of determining the entitlements to the proposed final dividend and the identity of shareholders of the Company who are entitled to attend and vote at the Meeting, the register of members of the Company will be closed from Monday, 8 May 2006 to Tuesday, 23 May 2006, both days inclusive, during which period no transfer of shares in the Company will be effected. In order to qualify for the proposed final dividend, all transfers of shares in the Company accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712 - 1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:00 p.m. on Thursday, 4 May 2006.

6. With regard to item no.3 in this notice, the board of directors of the Company proposes that the retiring directors of the Company, namely Messrs. YANG Yu, CHEN Jiacheng, ZHAO Jinfeng, YU Jianchao and CHEUNG Yip Sang be re-elected as directors of the Company. Particulars of the said retiring directors are set out in the Appendix II to the circular to the shareholders of the Company dated 28 April 2006.
7. With regard to the resolutions referred to in items 5A, 5B, 5C and 6 of this notice, the board of directors of the Company proposes to seek its shareholders' approval of the general mandates to issue shares in the Company and to repurchase shares in the Company and the amendments to the articles of association of the Company and a circular in connection with such proposals will be despatched to the shareholders of the Company together with the 2005 Annual Report of the Company.
8. As at the date of this notice, the board of director of the Company 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.

PROPOSED AMENDMENTS OF THE ARTICLES OF ASSOCIATION AS REFERRED TO IN SPECIAL RESOLUTION NO. 6 SET OUT IN THE NOTICE OF ANNUAL GENERAL MEETING

Pursuant to paragraph E.2.1 of the Code on Corporate Governance Practises ("Code") and in particular, Rule 13.39(3) of the Listing Rules, the chairman of a meeting and/or directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting shall demand a poll in certain circumstances where, on a show of hands, a meeting votes in the opposite manner to that instructed in those proxies. If a poll is required under such circumstances, the chairman of the meeting should disclose to the meeting the total number of votes represented by all proxies held by directors indicating an opposite vote to the votes cast at the meeting on a show of hands. In the present form, the existing Article 80 of the Articles of Association does not provide that the chairman of a general meeting and/or any directors holding proxies representing 5% or more of the total voting rights at such meeting shall demand a poll when the meeting, on a show of hands, votes in the opposite manner to that instructed in those proxies and the existing Article 81(a) of the Articles of Association provides there shall be no requirement for the chairman to disclose the voting figures on a poll, both of which are inconsistent with the Code.

Pursuant to paragraph A.4.2 of the Code, all directors appointed by the Board to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term should be subject to retirement by rotation at least once every three years. However, the existing Article 99 of the Articles of Association provide that any Director so appointed by the Board either to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following annual general meeting and shall be eligible for re-election at that meeting.

In addition, the Stock Exchange made certain amendments to the Listing Rules which came into effect on 1 March 2006 whereby paragraph 4(3) of Appendix 3 and paragraph 5(1) of Appendix 13B to the Listing Rules have been amended to provide that a director may be removed by an ordinary resolution in general meeting instead of a special resolution. However, the existing Articles 106 (vii) and 122(a) of the Articles of Association provides that the Shareholders may at any general meeting by special resolution remove a Director.

In addition, the Directors propose to amend the definitions of "Listing Rules" and "subsidiary and holding company" in line with the requirements of Listing Rules and to amend Article 7 of the Articles of Association in order to clarify the source of funds for making the purchase of shares as required to be disclosed in the explanatory statement for repurchase of shares.

Accordingly, the Directors propose to the Shareholders at the Annual General Meeting to pass a special resolution to amend Articles 2, 7, 80, 81(a), 99, 106(vii) and 122(a) of the existing Articles of Association in order to bring the Articles of Association in line with the requirements of paragraph A.4.2 and E.2.1 of the Code, Rule 13.39(3) of the Listing Rules and the amended paragraph 4(3) of Appendix 3 and paragraph 5(1) of Appendix 13B to the Listing Rules.