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If you have sold or transferred all your shares in **Xinao Gas Holdings Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)

DISCLOSEABLE TRANSACTION
ESTABLISHMENT OF A NEW PRC EQUITY JOINT VENTURE
IN ZHANJIANG, GUANGDONG PROVINCE, PRC

A letter from the board of directors of Xinao Gas Holdings Limited is set out on pages 3 to 7 of this circular.

21 June 2004

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“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 Stock Exchange as at the date of this circular
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of PRC
“Latest Practicable Date”	18 June 2004, being the latest practicable date of ascertaining certain information contained in this circular
“LPG”	liquefied petroleum gas
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange
“Parties”	Xinao China and Zhanjiang Gas, the parties to the Zhanjiang Agreement
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinao China”	新奧（中國）燃氣投資有限公司 (Xinao (China) Gas Investment Company Limited*), a wholly-owned foreign enterprise established in PRC and a wholly-owned subsidiary of the Company as at the date of this circular
“Zhanjiang Agreement”	a joint venture agreement dated 28 May 2004 entered into between Xinao China and Zhanjiang Gas in relation to the establishment of Zhanjiang Xinao, as amended by the Parties on 14 June 2004

DEFINITIONS

“Zhanjiang Gas”	湛江市燃氣集團公司 (Zhanjiang City Gas Group Corporation*), a PRC State-owned company established in PRC; Zhanjiang Gas and its ultimate beneficial owner(s) are independent parties not connected with any of the Directors, chief executives or substantial shareholders of the Company or any of their respective associates
“Zhanjiang Xinao”	湛江新奧燃氣有限公司 (Zhanjiang Xinao Gas Company Limited*), a PRC equity joint venture with limited liability to be established in PRC pursuant to the Zhanjiang Agreement
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“km ² ”	square kilometres
“%”	per cent.
“*”	for identification purpose only

In this circular, amounts stated in Renminbi have been converted into Hong Kong dollars at the rate of HK\$1.00 = RMB1.06.

LETTER FROM THE BOARD



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)

*As at the date of this circular, the Board
consists of the following Directors:*

Executive Directors:

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
Mr. Cheng Chak Ngok

Non-executive Director:

Ms. Zhao Baoju

Independent non-executive Directors:

Mr. Wang Guangtian
Mr. Xu Liang

Registered Office:

Ugland House
P.O. Box 309
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

**Principal place of business
in Hong Kong:**

Rooms 3101-03, 31st Floor
Tower 1, Lippo Centre
No. 89 Queensway
Hong Kong

Head office in PRC:

Huaxiang Road
Langfang Economic and Technical
Development Zone
Langfang City
Hebei Province
PRC

21 June 2004

To the Shareholders

Dear Sir or Madam

DISCLOSEABLE TRANSACTION
ESTABLISHMENT OF A NEW PRC EQUITY JOINT VENTURE
IN ZHANJIANG, GUANGDONG PROVINCE, PRC

INTRODUCTION

In an announcement of the Company dated 28 May 2004 published on 31 May 2004, the Company announced that on 28 May 2004, the Group (through XinAo China, a wholly-

LETTER FROM THE BOARD

owned subsidiary of the Company), entered into the Zhanjiang Agreement with Zhanjiang Gas to establish a PRC equity joint venture, Zhanjiang Xinao. Upon the establishment of Zhanjiang Xinao, it will become a subsidiary of the Company, in which the Group will have a 60% interest. The Zhanjiang Agreement constitutes a discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to provide further information on the Zhanjiang Agreement.

THE ZHANJIANG AGREEMENT DATED 28 MAY 2004

The Parties

- (1) Xinao China, a wholly-owned foreign enterprise established in PRC and a wholly-owned subsidiary of the Company; and
- (2) Zhanjiang Gas, the principal business of which is the provision of LPG in Zhanjiang City (湛江市), Guangdong Province, PRC.

The Company confirms that, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Zhanjiang Gas and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Amendments to the original Zhanjiang Agreement

The original Zhanjiang Agreement was signed on 28 May 2004. Thereafter, applications were made to the Zhanjiang local government for an exclusive rights to be granted to Zhanjiang Xinao to supply piped gas (piped natural gas and piped LPG) to the whole of the Zhanjiang City (including without limitation, the Zhanjiang Economic and Technical Development Zone) for a period of 50 years. On 11 June 2004, such an exclusive rights was granted by the Zhanjiang local government to Zhanjiang Xinao for a period of 30 years only. As one of the principal basis for the establishment and operation of Zhanjiang Xinao is its having an exclusive rights to supply piped gas to the whole of the Zhanjiang City, the Parties have on 14 June 2004 mutually agreed to reduce the term of Zhanjiang Xinao from 50 years to 30 years.

Business of Zhanjiang Xinao

Upon establishment, Zhanjiang Xinao will principally engage in the provision of piped gas and bottled LPG for a period of 30 years to the Zhanjiang City (including without limitation, the Zhanjiang Economic and Technical Development Zone), Guangdong Province, PRC.

Total investment for 2004 – 2005

RMB212,000,000 (equivalent to approximately HK\$200,000,000). The total investment of Zhanjiang Xinao for the period from the year 2004 to the year 2005 was determined on an arm's length basis between the Parties and represents the expected total investment of Zhanjiang Xinao for its first term from the year 2004 to the year 2005. Other than the

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amount of the registered capital to be invested by the Parties under the Zhanjiang Agreement, as at the date of this circular, the Parties do not have any further commitment to invest in Zhanjiang Xinao. Should there be any future commitment to invest in Zhanjiang Xinao, the Company will comply with all such relevant requirements under the Listing Rules accordingly.

Registered capital

RMB85,000,000 (equivalent to approximately HK\$80,189,000) of which:

- (a) 60% (being RMB51,000,000 or approximately HK\$48,114,000) will be contributed in cash by Xinao China; and
- (b) 40% (being RMB34,000,000 or approximately HK\$32,075,000) will be contributed by Zhanjiang Gas in the form of assets, including without limitation, certain land use rights and gas pipelines, which assets will be subject to valuation by an independent professional valuer in PRC. These assets will be used for the businesses and operations by Zhanjiang Xinao. The Company understands that all of the existing LPG (bottled and piped) business of Zhanjiang Gas will be transferred to Zhanjiang Xinao, and there will be no competing business between Zhanjiang Gas and Zhanjiang Xinao.

Xinao China's contribution to the registered capital will be funded by internal resources of the Group and possibly bank borrowings. The registered capital has to be paid by the Parties within three months of the issuance of the business license of Zhanjiang Xinao. As at the Latest Practicable Date, the Parties have not injected any amount or assets into Zhanjiang Xinao. The Company expects that the business license of Zhanjiang Xinao should be issued within around ten weeks from the date of this circular.

Board of directors

The board of directors of Zhanjiang Xinao will comprise of seven directors. Xinao China is entitled to appoint four directors and Zhanjiang Gas is entitled to appoint three directors. Each of the directors of Zhanjiang Xinao will have equal rights, duties and liabilities as director of Zhanjiang Xinao.

Term

30 years from the date of issue of the business licence of Zhanjiang Xinao and such term can be extended upon agreement between the Parties.

Profits

Profits will be distributed to Xinao China and Zhanjiang Gas in proportion to their respective equity interests in Zhanjiang Xinao.

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Dissolution

Upon early termination of the Zhanjiang Agreement or the expiry of the term of Zhanjiang Xinao, the remaining assets of Zhanjiang Xinao (after the payment of all its debts) will be distributed to Xinao China and Zhanjiang Gas in proportion to their respective equity interests in Zhanjiang Xinao.

Termination

Either or both of the Parties shall be entitled to terminate the Zhanjiang Agreement before the end of the term of Zhanjiang Xinao in the following circumstances:

- (a) either of the Parties not performing its duties under the Zhanjiang Agreement, causing material adverse effect on Zhanjiang Xinao and rendering Zhanjiang Xinao unable to continue its business or operations;
- (b) the occurrence of any events, developments or changes of any nature, including without limitation, flooding, earth quakes, fire, typhoons, acts of war or any other unpredictable or unavoidable events, which, directly or indirectly, materially hindering the performance of the duties of the Parties under the Zhanjiang Agreement (the termination under this paragraph shall be subject to the approval by the Zhanjiang local government);
- (c) the Parties, taking into consideration of their respective interests, mutually agree on the early termination of Zhanjiang Xinao;
- (d) Zhanjiang Xinao or any of the Parties having been wound up; and/or
- (e) The Parties mutually agreeing not to extend the term of Zhanjiang Xinao upon the end of its term.

REASONS FOR AND EFFECTS OF THE ESTABLISHMENT OF ZHANJIANG XINAO

Zhanjiang is located in the southwest of Guangdong Province, PRC, covering an area of approximately 13,325 km², of which approximately 1,460 km² is urban area with an urban population of approximately 740,000. Zhanjiang is a famous harbour city and an industrial centre in Guangdong Province. In the year 2002, it ranked 56 among 200 cities in PRC in overall competitiveness and ranked 9 among the cities in Guangdong Province. There are a total of 13 harbours in Zhanjiang, with annual throughput capacity of approximately 35.86 million tons in the year 2002. Its main industries are chemicals, food and energy.

Currently, the urban residents of Zhanjiang City mainly use LPG (bottled and piped) from Maoming, Guizhou Province, PRC and overseas. The principal business of Zhanjiang Gas is the provision of LPG in Zhanjiang City. During the year 2002, about 150,000 households were using LPG. It is currently expected that Zhanjiang Xinao will take over the existing residential customers of Zhanjiang Gas. Zhanjiang is rich in natural resources,

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and there are abundant oil and gas reserves in Beibu Bay, which is the major exploitation oilfield of CNOOC Nanhai Western Corporation. As one of the principal businesses of the Group is the sale of piped natural gas, the Group expects that after the establishment of Zhanjiang Xinao, piped natural gas will gradually replace other gas fuels (e.g. LPG) in the city.

The Directors consider that the Zhanjiang Agreement to be an important milestone for the Group since Zhanjiang Xinao is the second operational location the Group has secured in Guangdong Province, PRC, thereby signifies the success of the Group's marketing efforts into establishing a stronger foothold in Guangdong Province, PRC. Other than the assets to be injected by Zhanjiang Gas into Zhanjiang Xinao, the liabilities of Zhanjiang Gas will also be taken up by Zhanjiang Xinao. Therefore the Company expects that both assets and liabilities of the Group will increase upon the establishment of Zhanjiang Xinao. Since the Company expects that there will be a large demand of natural gas by its population as well as commercial / industrial customers and therefore expects that there will be significant contribution to the future earnings of the Company.

The Directors believe that the Zhanjiang Agreement was entered into upon normal commercial terms and in the ordinary business of the Company. The Directors consider that terms of the Zhanjiang Agreement are fair and reasonable and the Zhanjiang Agreement is in the interest of the shareholders of the Company.

As the registered capital of Zhanjiang Xinao exceeds 5% of the total assets of the Company, the signing of the Zhanjiang Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

GENERAL

The Group is one of the first non state-owned piped gas operators in PRC. The principal business of the Group is the construction of gas pipelines, the sale of piped gas (principally piped natural gas), the sale of liquefied petroleum gas and the sale of gas appliances in PRC.

Your attention is drawn to the general information set out in the appendix to this circular.

By order of the Board
XINAO GAS HOLDINGS LIMITED
WANG Yusuo
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of each Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("the SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in the Listing Rules, were as follows:

Name of Director	Capacity	Interests in Shares		(C) = (A) + (B)	(D) Interests in underlying Shares pursuant to share options	(E) = (C) + (D) Total aggregate interests in Shares and underlying Shares	Approximate percentage of the Company's total issued share capital
		(A) Personal interests	(B) Corporate interests				
Mr. Wang Yusuo ("Mr. Wang")	Beneficial owner and interest of controlled corporation	3,044,000	384,486,000 (Note 1)	387,530,000	2,300,000	389,830,000	44.96%
Ms. Zhao Baoju ("Ms. Zhao")	Interest of spouse and interest of controlled corporation	3,044,000	384,486,000 (Note 1)	387,530,000	2,300,000	389,830,000	44.96%
Mr. Yang Yu	Beneficial owner	-	-	-	3,350,000	3,350,000	0.39%
Mr. Chen Jiacheng	Beneficial owner	-	-	-	2,300,000	2,300,000	0.27%
Mr. Zhao Jinfeng	Beneficial owner	-	-	-	1,775,000	1,775,000	0.20%
Mr. Qiao Limin	Beneficial owner	-	-	-	1,025,000	1,025,000	0.12%
Mr. Jin Yongsheng	Beneficial owner	-	-	-	2,100,000	2,100,000	0.24%

Name of Director	Capacity	Interests in Shares			(D) Interests in underlying Shares pursuant to share options	(E) = (C) + (D)	Approximate percentage of the Company's total issued share capital
		(A) Personal interests	(B) Corporate interests	(C) = (A) + (B) Total interests in Shares		Total aggregate interests in Shares and underlying Shares	
Mr. Yu Jianchao	Beneficial owner	-	-	-	2,100,000	2,100,000	0.24%
Mr. Cheung Yip Sang	Beneficial owner	-	-	-	2,125,000 (Note 2)	2,125,000	0.25%
Mr. Cheng Chak Ngok	Beneficial owner	-	-	-	600,000	600,000	0.07%

Note:

- The two references to 384,486,000 Shares relate to the same block of Shares. Such Shares are held by Easywin Enterprises Limited, which is beneficially owned as to 50% by Mr. Wang and 50% by Ms. Zhao, the spouse of Mr. Wang.
- Out of 2,125,000 underlying Shares, 125,000 underlying Shares were granted to Ms. Lam Hiu Ha, the spouse of Mr. Cheung Yip Sang. Mr. Cheung Yip Sang is taken to be interested in the underlying Shares held by his spouse under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in the Listing Rules.

(b) Persons or corporations who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to each Director or the chief executive of the Company, as at the Latest Practicable Date, the following persons or corporations had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who/which was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such

person's/corporate's interest in such securities, together with particulars of any options in respect of such capital, were as follows:

(i) *The Company*

Name of Shareholder	Capacity	Interests in Shares			(D) Interests in underlying Shares pursuant to share options	(E) = (C) + (D) Total aggregate interests in underlying Shares	Approximate percentage of the Company's total issued share capital
		(A) Personal interests	(B) Corporate interests	(C) = (A) + (B) Total interests in Shares			
Easywin Enterprises Limited	Beneficial owner	-	384,486,000 (Note 1)	384,486,000	-	384,486,000	44.34%
Mr. Wang	Beneficial owner and interest of controlled corporation	3,044,000	384,486,000 (Note 1)	387,530,000	2,300,000	389,830,000	44.96%
Ms. Zhao	Interest of spouse and interest of controlled corporation	3,044,000	384,486,000 (Note 1)	387,530,000	2,300,000 (Note 2)	389,830,000	44.96%
Wellington Management Company, LLP	Investment manager	-	71,450,000	71,450,000	-	71,450,000	8.24%
The Capital Group Companies, Inc.	Investment manager	-	46,775,000	46,775,000	-	46,775,000	5.39%

Note:

1. The three references to 384,486,000 Shares relate to the same block of Shares. Such Shares are held by Easywin Enterprises Limited, which is beneficially owned as to 50% by Mr. Wang and 50% by Ms. Zhao, the spouse of Mr. Wang.
2. Ms. Zhao, being the spouse of Mr. Wang, is deemed to be interested in these share options which were granted by the Company to Mr. Wang.

(ii) *The subsidiaries of the Company*

Name of subsidiaries	Name of shareholders	% of interest held
1. 北海新奧燃氣有限公司 (Beihai Xinao Gas Company Limited*)	東莞新奧燃氣有限公司 (Dongguan Xinao Gas Company Limited)	25%
2. 北京新奧京昌燃氣有限公司 (Beijing Xinao Jingchang Gas Company Limited*)	北京市昌平區市政經濟發展總公司 (Beijing City Changping District Municipal Economic Development Corporation*)	20%

Name of subsidiaries	Name of shareholders	% of interest held
3. 北京新奧京谷燃氣有限公司 (Beijing Xinao Jingu Gas Company Limited*)	北京市平谷縣液化石油氣公司 (Beijing City Pinggu County Liquefied Petroleum Gas Corporation*)	10%
4. 蚌埠新奧燃氣有限公司 (Bengbu Xinao Gas Company Limited*)	蚌埠市城市建設投資經營有限公司 (Bengbu City Construction Investment & Operation Company Limited*)	30%
5. 蚌埠新奧燃氣發展有限公司 (Bengbu Xinao Gas Development Company Limited*)	蚌埠市城市投資發展有限公司 (Bengbu City Investment Development Company Limited*)	30%
6. 亳州新奧燃氣有限公司 (Bozhou Xinao Gas Company Limited*)	亳州城市建設投資有限責任公司 (Bozhou City Construction Investment Company Limited*)	30%
7. 亳州新奧燃氣工程有限公司 (Bozhou Xinao Gas Engineering Company Limited*)	亳州城市建設投資有限責任公司 (Bozhou City Construction Investment Company Limited*)	30%
8. 長沙新奧燃氣有限公司 (Changsha Xinao Gas Company Limited*)	長沙市燃氣總公司 (Changsha City Gas Corporation*)	45%
9. 常州新奧燃氣有限公司 (Changzhou Xinao Gas Company Limited*)	常州市武進燃氣總公司 (Changzhou City Wujin Gas Corporation*)	40%
10. 滁州新奧燃氣有限公司 (Chuzhou Xinao Gas Company Limited*)	滁州市城市基礎設施開發建設有限公司 (Chuzhou City Infrastructure Development & Construction Company Limited*)	10%
11. 桂林新奧燃氣有限公司 (Guilin Xinao Gas Company Limited*)	桂林旅遊股份有限公司 (Guilin Travel Company Limited*)	40%
12. 海寧新奧燃氣有限公司 (Haining Xinao Gas Company Limited*)	海寧市萬通燃氣有限責任公司 (Haining City Wantong Gas Company Limited*)	15%

Name of subsidiaries	Name of shareholders	% of interest held
13. 淮安新奧燃氣有限公司 (Huaian Xinao Gas Company Limited*)	淮安市燃氣總公司 (Huaian City Gas Corporation*)	20%
14. 葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited*)	葫蘆島市城市建設投資有限公司 (Huludao City Construction Investment Limited*)	10%
15. 湖南銀通科技有限責任公司 (Hunan Yintong Technology Company Limited*)	陳東如 (Chen Dongru) 湖南省國開經濟技術發展有限責任公司 (Hunan Province Guokai Economic & Technical Development Company Limited*)	approx. 20.09% approx. 10.65%
16. 開封新奧燃氣有限公司 (Kaifeng Xinao Gas Company Limited*)	開封市發展投資有限公司 (Kaifeng City Development Investment Company Limited*)	10%
17. 蘭溪新奧燃氣有限公司 (Lanxi Xinao Gas Company Limited*)	蘭溪東昇能源有限公司 (Lanxi Dongsheng Energy Company Limited*)	20%
18. 連雲港新奧燃氣有限公司 (Lianyungang Xinao Gas Company Limited*)	連雲港市城市建設投資有限責任公司 (Lianyungang City Construction Investment Company Limited*)	30%
19. 連雲港新奧燃氣工程有限責任公司 (Lianyungang Xinao Gas Development Company Limited*)	連雲港市城市建設投資有限責任公司 (Lianyungang City Construction Investment Company Limited*)	30%
20. 聊城新奧燃氣有限公司 (Liaocheng Xinao Gas Company Limited*)	聊城市熱力公司 (Liaocheng City Heating Corporation*)	10%
21. 青島新奧燃氣有限公司 (Qingdao Xinao Gas Company Limited*)	青島經濟技術開發區熱電燃氣總公司 (Qingdao Economic & Technical Development Zone Heating, Electricity & Gas Corporation*)	10%

Name of subsidiaries	Name of shareholders	% of interest held
22. 青島新奧燃氣設施開發有限公司 (Qingdao Xinao Gas Establishment Exploiture Co. Ltd.*)	青島經濟技術開發區熱電燃氣總公司 (Qingdao Economic & Technical Development Zone Heating, Electricity & Gas Corporation*)	10%
23. 青島新奧膠城燃氣有限公司 (Qingdao Xinao Jiaocheng Gas Company Limited*)	山東實華天然氣有限公司 (Shandong Shihua Natural Gas Company Limited*)	39%
	膠州市新源城市建設發展有限公司 (Jiaozhou City Xinyuan City Construction Development Company Limited*)	10%
24. 青島新奧新城燃氣有限公司 (Qingdao Xinao Xincheng Gas Company Limited*)	青島市城陽區建設工程監理處 (Qingdao City Chengyang District Construction Project Supervisory Office*)	10%
25. 衢州新奧燃氣有限公司 (Quzhou Xinao Gas Company Limited*)	衢州市城市建設投資有限公司 (Quzhou City Construction Investment Company Limited*)	10%
26. 衢州新奧燃氣發展有限公司 (Quzhou Xinao Gas Development Company Limited*)	衢州市城市建設投資有限公司 (Quzhou City Construction Investment Company Limited*)	10%
27. 日照新奧燃氣有限公司 (Rizhao Xinao Gas Company Limited*)	日照市煤氣公司 (Rizhao City Coal Gas Corporation*)	20%
28. 石家莊新奧燃氣有限公司 (Shijiazhuang Xinao Gas Company Limited*)	石家莊燃氣集團有限公司 (Shijiazhuang Gas Group Company Limited*)	30%
29. 泰興新奧燃氣有限公司 (Taixing Xinao Gas Company Limited*)	泰興市管道液化氣公司 (Taixing City Piped Liquefied Petroleum Gas Corporation*)	10%
30. 通遼新奧燃氣有限公司 (Tongliao Xinao Gas Company Limited*)	通遼市日新天然氣有限責任公司 (Tongliao City Rixin Natural Gas Company Limited*)	20%

Name of subsidiaries	Name of shareholders	% of interest held
31. 湘潭新奧燃氣有限公司 (Xiangtan Xinao Gas Company Limited*)	湘潭市煤氣公司 (Xiangtan City Coal Gas Corporation*)	15%
32. 株州新奧燃氣有限公司 (Zhuzhou Xinao Gas Company Limited*)	株州市城市建設投資經營有限公司 (Zhuzhou City Construction Investment & Operation Company Limited*)	45%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company was aware of any other person or corporation who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who/which was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered, or proposed to enter, into a service contract with any member of the Group which does not expire or is not determinable by the relevant member of the Group within one year without compensation, other than statutory compensation.

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and his/her associates (as defined under the Listing Rules) had any interests which competed or was likely to compete, either directly or indirectly, with the Company's business.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group is engaged in any litigation or arbitration proceedings of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

6. GENERAL

- (a) The secretary and qualified accountant of the Company is Mr. Cheng Chak Ngok, who is a fellow member of the Association of Chartered Certified Accountants in England, and also an associate member of the Hong Kong Society of Accountants, the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators in England.
- (b) The Company's branch registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.