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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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)**

**PROPOSALS FOR  
GENERAL MANDATES TO ISSUE SHARES  
AND TO REPURCHASE ITS OWN SHARES,  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND  
RE-ELECTION OF RETIRING DIRECTORS**

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A notice convening the annual general meeting of Xinao Gas Holdings Limited to be held at Aberdeen, Level 3, JW Marriott Hotel Hong Kong, 1 Pacific Place, 88 Queensway, Hong Kong on Monday, 23 May 2005 at 11:00 a.m. is set out on pages 14 to 19 of this Circular. Whether or not you propose to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude shareholders from attending and voting at the meeting, or any adjourned meeting, should they so wish.

28 April 2005

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Aberdeen, Level 3, JW Marriott Hotel Hong Kong, 1 Pacific Place, 88 Queensway, Hong Kong on Monday, 23 May 2005 at 11:00 a.m.
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Buyback Mandate”	the unconditional general mandate authorising the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the resolution approving the Buyback Mandate
“Company”	Xinao Gas Holdings Limited, an exempted company incorporated in the Cayman Islands on 20 July 2000 with limited liability
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	the unconditional general mandate authorising the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the resolution approving the Issue Mandate
“Latest Practicable Date”	26 April 2005, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	registered holder(s) of Shares

## DEFINITIONS

“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
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Repurchases
“HK\$”	Hong Kong dollars and cents, the lawfully currency of Hong Kong
“%”	per cent.

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)**

*As at the date of this circular, the  
Directors are as follows:*

*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  
Ms. YIEN Yu Yu, Catherine  
Mr. KONG Chung Kau

*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  
89 Queensway  
Hong Kong

*Head office in the PRC:*

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

28 April 2005

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR  
GENERAL MANDATES TO ISSUE SHARES  
AND TO REPURCHASE ITS OWN SHARES,  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND  
RE-ELECTION OF RETIRING DIRECTORS**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding the proposed renewal of the general mandates to allot, issue and deal with Shares and to repurchase its own Shares, the proposed amendments to the Articles of Association and

## LETTER FROM THE BOARD

the proposed re-election of Directors, and to seek your approval of the relevant ordinary resolutions and special resolution relating to these matters at the Annual General Meeting.

### ISSUE MANDATE

On 28 May 2004, the Shareholders passed an ordinary resolution to give an unconditional general mandate to the Directors to allot, issue and deal with Shares. Such general mandate will lapse at the conclusion of the Annual General Meeting. It is therefore proposed to renew such general mandate at the Annual General Meeting.

Ordinary resolutions will be proposed at the Annual General Meeting to grant to the Directors the Issue Mandate, and authorise the extension of the Issue Mandate, details of which are set out in ordinary resolutions numbered 5A and 5C respectively in the notice of Annual General Meeting.

### BUYBACK MANDATE

Also on 28 May 2004, the Shareholders passed an ordinary resolution to give an unconditional general mandate to the Directors to exercise the powers of the Company to repurchase its own Shares. Such general mandate will lapse at the conclusion of the Annual General Meeting. It is therefore proposed to renew such general mandate at the Annual General Meeting.

An ordinary resolution will be proposed at the Annual General Meeting to grant to the Directors the Buyback Mandate, details of which are set out in ordinary resolution numbered 5B in the notice of Annual General Meeting. The Shares which may be repurchased pursuant to the Buyback Mandate are limited to a maximum of 10% of the issued share capital of the Company as at the date of passing of the resolution approving the Buyback Mandate.

An explanatory statement as required under the Listing Rules, giving certain information regarding the Buyback Mandate, is set out in Appendix I to this circular.

### AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION

The Stock Exchange has recently amended the Listing Rules for the purpose of implementing the Code on Corporate Governance Practices (the "Code"), which came into effect on 1 January 2005. The Code replaces the Code of Best Practice in Appendix 14 to the then Listing Rules. Pursuant to paragraph A.4.2 of the Code, every director of a listed issuer should be subject to retirement by rotation at least once every three years.

In the present form, article 99 of the Articles of Association provides that any Director who are appointed either to fill a casual vacancy or as an addition to the existing Board shall retire at the next annual general meeting but shall not be taken into account in determining the Directors who are retiring by rotation at such meeting, which is inconsistent with the new requirements under A.4.2 of Appendix 14 to the Listing Rules.

## LETTER FROM THE BOARD

In addition, article 116 of the Articles of Association provides that at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not exceeding, one-third, shall retire from office by rotation, which is inconsistent with the new requirements under A.4.2 of Appendix 14 to the Listing Rules.

In addition, articles 106(vii) and 122(a) of the Articles of Association provide that a Director shall be removed from office by an ordinary resolution, which is inconsistent with 5(1) of section 1 of Appendix 13(b) to the Listing Rules.

In this circumstances, in order to bring the Articles of Association in line with the Listing Rules, the Directors propose a special resolution to be put forth to the Shareholders at the Annual General Meeting to amend the relevant provisions relating to rotation and removal of Directors, details of which are set out in special resolution numbered 6 in the notice of the Annual General Meeting.

### RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the executive Directors were Mr. WANG Yusuo, Mr. YANG Yu, Mr. CHEN Jiacheng, Mr. ZHAO Jinfeng, Mr. QIAO Limin, Mr. JIN Yongsheng, Mr. YU Jianchao, Mr. CHEUNG Yip Sang and Mr. CHENG Chak Ngok; the non-executive Director was Ms. ZHAO Baoju and the independent non-executive Directors were Mr. WANG Guangtian, Ms. YIEN Yu Yu, Catherine and Mr. KONG Chung Kau.

Pursuant to articles 99 and 116 of the Articles of Association, Mr. QIAO Limin, Mr. JIN Yongsheng, Mr. CHENG Chak Ngok, Ms. YIEN Yu Yu, Catherine and Mr. KONG Chung Kau shall retire from office at the Annual General Meeting and shall be eligible for re-election. Particulars of the Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

### ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting is set out on pages 14 to 19 of this circular for the Shareholders to consider the ordinary resolutions relating to, among others, the Issue Mandate, the Buyback Mandate, the extension of the Issue Mandate and the re-election of Directors and a special resolution relating to the amendments to the Articles of Association.

## LETTER FROM THE BOARD

### RIGHT TO DEMAND A POLL

Pursuant to article 80 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of the meeting; or
- (b) at least five Shareholders present in person or by proxy and entitled to vote; or
- (c) any Shareholder or Shareholders present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (d) any Shareholder or Shareholders present in person or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

Pursuant to article 85 of the Articles of Association, at any general meeting on a show of hands, every Shareholder present in person (or, in the case of a Shareholder being a corporation by its duly authorised representative) shall have one vote, and on a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy shall have one vote for each Share held by him. On a poll, a Shareholder entitled to more than one vote is under no obligation to cast all his votes in the same way.

### RECOMMENDATION

The Directors believe that the granting of the proposed Issue Mandate, Buyback Mandate, extension of the Issue Mandate, amendments to the Articles of Association and re-election of Directors are all in the best interests of the Company as well as to the Shareholders as a whole. Accordingly, the Directors recommend that all the Shareholders should vote in favour of all the relevant ordinary resolutions and special resolution to be proposed at the Annual General Meeting.

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



This appendix serves as an explanatory statement, as required by the Listing Rules, to provide you with requisite information for your consideration of the Buyback Mandate.

#### **1. EXERCISE OF THE BUYBACK MANDATE**

Exercise in full of the Buyback Mandate, on the basis of 879,125,000 Shares in issue at the Latest Practicable Date could result in up to 87,912,500 Shares being repurchased by the Company during the period up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; or (iii) the revocation, variation or renewal of the Buyback Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

#### **2. REASONS FOR REPURCHASES**

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

#### **3. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws of the Cayman Islands. The law of the Cayman Islands provides that the amount to be repaid in connection with a repurchase of Shares may be paid from the profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase or out of capital, if the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

#### **4. GENERAL**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the 2004 annual report of the Company) in the event that the Buyback Mandate is exercised in full. However, the Directors do not propose to exercise the Buyback Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules, the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

None of the Directors and, to the best of their knowledge, having made all reasonable enquiries, none of their respective associates (as defined in the Listing Rules), have any present intention, if the Buyback Mandate is exercised, to sell Shares to the Company or its subsidiaries.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell Shares to the Company or has undertaken not to do so.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Mr. WANG Yusuo and Ms. ZHAO Baoju (the spouse of Mr. WANG Yusuo), both Directors, together with Easywin Enterprises Limited (a company which is beneficially owned as to 50% by Mr. WANG Yusuo and 50% by Ms. ZHAO Baoju) were beneficially, interested in an aggregate of 387,530,000 Shares, representing approximately 44.08% of the issued share capital of the Company. Based on such shareholdings and in the event that the Directors exercised in full the power to repurchase Shares under the Buyback Mandate, the aggregate shareholdings of Mr. WANG Yusuo, Ms. ZHAO Baoju and Easywin Enterprises Limited would be increased to approximately 48.98% of the issued share capital of the Company. The Directors are not aware of any consequence which may arise under the Takeovers Code as a consequence of any repurchases made under the Buyback Mandate.

## **5. SHARE PURCHASED BY THE COMPANY**

The Company had not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

**6. SHARE PRICES**

The table below is a summary of the monthly highest and lowest traded prices in each of the previous twelve months prior to the Latest Practicable Date.

	<b>Highest Traded Price</b> <i>HK\$</i>	<b>Lowest Traded Price</b> <i>HK\$</i>
<b>2004</b>		
April	4.25	3.10
May	3.78	2.50
June	4.12	3.30
July	3.78	3.40
August	4.03	3.60
September	4.10	3.78
October	4.50	3.98
November	4.70	4.23
December	4.70	4.18
<b>2005</b>		
January	4.50	3.98
February	4.65	4.30
March	4.45	4.10

## APPENDIX II PARTICULARS OF DIRECTORS PROPOSED TO BE RE-ELECTED

The following are the particulars of the Directors proposed to be elected at the Annual General Meeting:

### MR. QIAO LIMIN

**Mr. QIAO Limin**, aged 46, is an executive Director and a deputy general manager of the Company responsible for the safety and operational matters of the Group. He holds various directorships in 4 principal subsidiaries of the Group. As at the Latest Practicable Date, the Group had 83 principal subsidiaries. Prior to joining the Group in 1993, he worked at Baotou Education College in the PRC and was an assistant lecturer at Langfang City Health College in the PRC. He graduated from Baotou Education College in 1984. Mr. QIAO has over 12 years of experience in managing gas projects and supervising gas supply operations and safety in the PRC. Save as disclosed above, Mr. QIAO has not held any positions with any members of the Group and in the last three years, Mr. QIAO had not held any other directorships in any listed public companies.

Mr. QIAO has entered into a service agreement and a supplementary service agreement with the Company for an initial term of three years commencing on 1 March 2001 and such agreements shall continue thereafter unless and until terminated by either party giving to the other not less than six months' prior written notice. The appointment is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles of Association. Mr. QIAO does not have any relationship with any Directors, senior management of the Company, substantial or controlling Shareholders nor has any interests in the Shares within the meaning of Part XV of the SFO. The remunerations of executive Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Mr. QIAO received salary of HK\$400,000 for the year ended 31 December 2004.

Save as disclosed above, Mr. QIAO has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election.

### MR. JIN YONGSHENG

**Mr. JIN Yongsheng**, aged 41, is an executive Director and a deputy general manager of the Company responsible for overseeing legal and administrative matters and investors' relationship with the Company. He holds various directorships in 46 principal subsidiaries of the Group and a jointly-controlled entity of the Group, namely Yancheng Xinao Compressed Natural Gas Company Limited. He graduated from the Tianjin University of Finance and Economics in the PRC in 1986, specialising in finance. Prior to joining the Group in 1996, he was an assistant professor in Management Institute of the Ministry of Agriculture in the PRC. Mr. JIN is a qualified practising lawyer in the PRC and has over 15 years of experience in legal practice in the PRC. Save as disclosed above, Mr. JIN has not held any positions with any member of the Group and in the last three years, Mr. JIN had not held any other directorships in any listed public companies.

## APPENDIX II PARTICULARS OF DIRECTORS PROPOSED TO BE RE-ELECTED

Mr. JIN has entered into a service agreement and a supplementary service agreement with the Company for an initial term of three years commencing on 1 March 2001 and such agreements shall continue thereafter unless and until terminated by either party giving to the other not less than six months' prior written notice. The appointment is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles of Association. Mr. JIN does not have any relationship with any Directors, senior management of the Company, substantial or controlling Shareholders nor has any interests in the Shares within the meaning of Part XV of the SFO. The remunerations of executive Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Mr. JIN received salary of HK\$500,000 and retire benefit scheme contribution of HK\$18,000 for the year ended 31 December 2004.

Save as disclosed above, Mr. JIN has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election.

### MR. CHENG CHAK NGOK

**Mr. CHENG Chak Ngok**, aged 34, is an executive Director, the financial controller and the company secretary of the Company responsible for accounting and financial management as well as investors' relationship with the Company. Prior to joining the Group in November 2000, he worked at an international accounting firm and also worked as the chief accountant of a freight forwarding company. He graduated from Manchester Metropolitan University in England with a first class honours bachelor's degree in accounting and finance. He is a fellow member of the Association of Chartered Certified Accountants in England, and also an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators in England. Mr. CHENG has 12 years of experience in accounting, financial management and corporate finance. Save as disclosed above, Mr. CHENG has not held any positions with any members of the Group and in the last three years, Mr. CHENG had not held any other directorships in any listed public companies.

Mr. CHENG has entered into a service agreement and a supplementary service agreement with the Company for an initial term commencing on 10 April 2002 and expiring on 29 February 2004, and such agreements shall continue thereafter unless and until terminated by either party giving to the other not less than six months' prior written notice. The appointment is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles of Association. Mr. CHENG does not have any relationship with any Directors, senior management of the Company, substantial or controlling Shareholders nor has any interests in the Shares within the meaning of Part XV of the SFO. The remunerations of executive Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Mr. CHENG received salary of HK\$520,000 and retire benefit scheme contribution of HK\$12,000 for the year ended 31 December 2004.

## APPENDIX II PARTICULARS OF DIRECTORS PROPOSED TO BE RE-ELECTED

Save as disclosed above, Mr. CHENG has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election.

### **MS. YIEN YU YU, CATHERINE**

**Ms. YIEN Yu Yu, Catherine**, aged 34, was appointed as an independent non-executive Director on 28 September 2004. She is also a member of the audit committee and the remuneration committee of the Company. She is currently an assistant director of N M Rothschild & Sons (Hong Kong) Limited. She graduated from the Imperial College of Science, Technology and Medicine of University of London in England with a Joint Honours Degree in Mathematics with Management (BSc Hons). Ms. YIEN is a holder of the Chartered Financial Analyst designation and an ordinary member of the Hong Kong Securities Institute. She has extensive experience in the areas of corporate finance, investment, mergers and acquisitions. Save as disclosed above, Ms. YIEN has not held any positions with any members of the Group and in the last three years, Ms. YIEN had not held any other directorships in any listed public companies.

Ms. YIEN has entered into an appointment letter with the Company as independent non-executive Director for a period of three years commencing on 28 September 2004. The appointment is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles of Association. The remuneration of Ms. YIEN is determined by the Board from time to time and subject to the approval of the Shareholders at annual general meeting. She will receive a Director's fee of HK\$120,000 per annum, which is determined with reference to her duties and responsibilities with the Company, the Company's remuneration policy and the market benchmark.

Ms. YIEN does not have any relationship with any Directors, senior management of the Company, substantial or controlling Shareholders. As at the Latest Practicable Date, she did not have any interests in the Shares within the meanings of Part XV of the SFO.

Save as disclosed above, Ms. YIEN has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with her re-election.

### **MR. KONG CHUNG KAU**

**Mr. KONG Chung Kau**, aged 36, was appointed as an independent non-executive Director on 31 March 2005. He is also a member of the audit committee and the remuneration committee of the Company. He is currently a sole proprietor of C.K. Kong & Co. Certified Public Accountants. Mr. KONG is a Certified Public Accountant holding practicing certificate. He is a fellow member of the Association of Chartered Certified Accountants and also an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. KONG has extensive experience in auditing, tax planning and finance. Save as disclosed above, Mr. KONG has not held any positions with any members of the Group and in the last three years, Mr. KONG had not held any other directorships in any listed public companies.

## APPENDIX II PARTICULARS OF DIRECTORS PROPOSED TO BE RE-ELECTED

Mr. KONG has entered into an appointment letter with the Company as independent non-executive Director for a period of three years commencing on 31 March 2005. The appointment is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles of Association. The remuneration of Mr. KONG is determined by the Board from time to time and subject to the approval of the Shareholders at annual general meeting of the Company. He will receive a Director's fee of HK\$120,000 per annum, which is determined with reference to his duties and responsibilities with the Company, the Company's remuneration policy and the market benchmark.

Mr. KONG does not have any relationship with any Directors, senior management of the Company, substantial or controlling Shareholders. As at the Latest Practicable Date, he did not have any interests in the Shares within the meanings of Part XV of the SFO.

Save as disclosed above, Mr. KONG has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election.

# NOTICE OF ANNUAL GENERAL MEETING



## 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)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “Meeting”) of XinAo Gas Holdings Limited (the “Company”) will be held at Aberdeen, Level 3, JW Marriott Hotel Hong Kong, 1 Pacific Place, 88 Queensway, Hong Kong on Monday, 23 May 2005 at 11:00 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 2004;
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;
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;



## NOTICE OF ANNUAL GENERAL MEETING

- (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

## NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of shares or issue of options, warrants or other securities giving the right to subscribe for shares, open for a period fixed by the directors of the Company to holders of shares whose names appear on the register of shareholders of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares (or, where appropriate, such other securities), subject in all cases to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company.”

**B. “THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase securities of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal value of the shares in the capital of the Company repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period (as hereinafter defined) shall in the case of shares not exceed 10 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 authority granted pursuant to paragraph (a) above shall be limited accordingly; and
- (c) for the purposes 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

## NOTICE OF ANNUAL GENERAL MEETING

- (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.”

C. “**THAT** conditional upon Resolutions numbered 5A and 5B set out in the notice of this meeting being passed, the general mandate granted to the directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with any unissued shares pursuant to Resolution numbered 5A set out in the notice of this meeting be and is hereby extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution numbered 5B set out in the notice of this meeting, provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal value of share capital of the Company in issue as at the date of passing of the said Resolution.”

6. As special business, to consider and, if thought fit, pass the following resolution as a special resolution of the Company:

### SPECIAL RESOLUTION

“**THAT** the existing articles of association of the Company be and are hereby amended in the following matter:-

- (a) Article 99

By deleting the words “provided that any Director who so retires shall not be taken into account in determining the number of Directors who are to retire at such meeting by rotation pursuant to Article 116” at the end of this Article”;

- (b) Article 106(vii)

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

## NOTICE OF ANNUAL GENERAL MEETING

(b) Article 116

By deleting the existing Article 116 in its entirety and substituting therefor the following new Article and its marginal note:

<b>Rotation and retirement of Directors</b>	116. Subject to the manner of retirement by rotation of Directors as from time to time prescribed under the Listing Rules and notwithstanding any contractual or other terms on which any Director may be appointed or engaged, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. A retiring Director shall retain office until the close of the meeting at which he retires, and shall be eligible for re-election thereat.
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(c) Article 122.(a)

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

<b>Power to remove Director by special resolution</b>	122.(a) The Company may by special 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."
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By Order of the Board  
**XINAO GAS HOLDINGS LIMITED**  
**CHENG Chak Ngok**  
*Executive Director and Company Secretary*

Hong Kong, 28 April 2005

*Principal place of business in Hong Kong:*  
Rooms 3101-03, 31st Floor  
Tower 1, Lippo Centre  
89 Queensway  
Hong Kong

## NOTICE OF ANNUAL GENERAL MEETING

*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. In order to ascertain the identity of the shareholders for attending the Meeting, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the appointed time for holding the Meeting or any adjournment thereof.
3. 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.
4. 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.
5. 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.
6. 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 Tuesday, 17 May 2005 to Monday, 23 May 2005, 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 Friday, 13 May 2005.
7. 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 Mr. QIAO Limin, Mr. JIN Yongsheng, Mr. CHENG Chak Ngok, Ms. YIEN Yu Yu, Catherine and Mr. KONG Chung Kau 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 2005.
8. With regard to the resolutions referred to in items nos. 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 of the Company dated 28 April 2005 in connection with such proposals will be despatched to the shareholders of the Company.
9. As at the date of this notice, the board of directors 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 director, namely Mr. WANG Guangtian, Ms. YIEN Yu Yu, Catherine and Mr. KONG Chung Kau.